

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1972-73)**

**(FIFTH LOK SABHA)**

**THIRTIETH REPORT**

**[Action taken by Government on the recommendations  
contained in the Seventeenth Report of the Committee  
on Public Undertakings (Fifth Lok Sabha)]**

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



**LOK SABHA SECRETARIAT  
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CORRIGENDA

Thirtieth Report of the Committee on Public Undertakings (1972-73) on Action Taken by Government on the recommendations contained in the Seventeenth Report of the Committee on Public Undertakings (Fifth Lok Sabha) on Personnel Policies and Labour-Management Relations in Public Undertakings.

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| <u>Page</u> | <u>Line</u>     | <u>For</u>          | <u>Read</u>          |
|-------------|-----------------|---------------------|----------------------|
| 57          | 3               | 'Bodel'             | 'Model'              |
| 57          | 18              | 'possible           | 'position'           |
| 60          | 3               | 'personnel'         | 'personal'           |
|             | (from bottom)   |                     |                      |
| 63          | 9-10            | 'ncorporating'      | 'incorporating'      |
| 68          | 1               | 'soocieties'        | 'societies'          |
| 63          | last            | 'hygienic           | 'hygenic'            |
| 68          | 2               | 'Drugapur'          | 'Durgapur'           |
| 68          | 2               | 'of'                | 'off'                |
|             | (from below)    |                     |                      |
| 64          | 1 of<br>item(g) | 'work-off'          | 'worked-off'         |
| 62          | 8 from<br>below | '12th Nov.<br>1968' | '12th Sept.<br>1968' |
| 76          | 6 from<br>below | 'improve'           | 'improved'           |
| 88          | 4 from<br>below | 'these'             | 'those'              |
| 96          | 9 from<br>below | 'prorogative'       | 'prerogative'        |
| 98          | 6               | 'prescrbing'        | 'prescribing'        |
|             |                 | 'prescribe'         | 'prescribed'         |
| 101         | 13 from         | 'selection'         | 'selecting'          |

|     |                    |                   |               |
|-----|--------------------|-------------------|---------------|
| 112 | 6                  | 'compiled'        | 'compiled'    |
| 113 | 9                  | '(Kobra)'         | '(Korba)'     |
| 15  | 16                 | 'vague'           | 'vogue'       |
| 18  | 4                  | insert 'be' after | 'should'      |
| 4   | 4                  | 'from'            | 'form'        |
| 59  | 3                  | 'incharge of'     | 'incharge or' |
| 59  | 11 from            | 'absis'           | 'basis'       |
| 160 | 14 below           | 'A.M.'            | 'O.M.'        |
| 160 | 9 from             | 'of'              | 'or'          |
|     | below              |                   |               |
| 162 | 3 above            | 'not'             | 'now'         |
|     | table              |                   |               |
| 62  | 3 of               | 'Awarded'         | 'Awards'      |
|     | note(a)below table |                   |               |
| 76  | Against Sl.        |                   | '71'          |
|     | No.1-Total         | '17'              |               |
|     | number of          |                   |               |
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# COMMITTEE ON PUBLIC UNDERTAKINGS

(1972-73)

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Shrimati Subhadra Joshi

## MEMBERS

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3. Shri G. Bhuvarahan
4. Dr. Kailas
5. Shri Murasoli Maran
6. Dr. Mahipatray Mehta
7. Shri S. N. Misra
8. Shri Amrit Nahata
9. Shri P. Parthasarathy
10. Shri Ranen Sen
11. Shri Lal K. Advani
12. Shri M. Kamalanathan
13. Shri U. N. Mahida
- \*14. Chaudhary A. Mohammad
15. Shri D. P. Singh

## SECRETARIAT

Shri M. A. Soundararajan—*Deputy Secretary.*

Shri M. N. Kaul—*Under Secretary.*

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\*Died on the 7th February, 1973.

COMPOSITION OF THE STUDY GROUP VI ON ACTION TAKEN  
REPORTS AND MISCELLANEOUS MATTERS

3

Shrimati Subhadra Joshi—*Chairman*.

2. Shri Amrit Nahata—*Alternate Convener*

- 3. Dr. Kailas
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  - 5. Shri P. Parthasarathy
  - 6. Shri G. Bhuvarahan
  - 7. Shri D. P. Singh
  - 8. Shri Lal K. Advani
  - 9. Shri U. N. Mahida
  - 10. Shri Ranen Sen
- } *Members*



## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Thirtieth Report on Action Taken by Government on the recommendations contained in the Seventeenth Report of the Committee on Public Undertakings (Fifth Lok Sabha) on Personnel Policies and Labour-Management Relations in Public Undertakings.

2. The Seventeenth Report of the Committee on Public Undertakings was presented to the Lok Sabha on the 28th April, 1972. The replies of Government to all the 71 recommendations contained in the Report were received in batches, and the last batch was received on the 18th December, 1972.

The replies of Government to the recommendations contained in the Seventeenth Report were considered by the Committee on the 29th March, 1973, and the Chairman was authorised to finalise the Report on the basis of the decisions of the Committee and present it to Parliament.

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

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

4. An analysis of the action taken by Government on the recommendations contained in the Seventeenth Report of the Committee is given in Appendix XIX. It would be observed therefrom that out of the 71 recommendations made in the Report, 80.3 per cent have

(viii)

been accepted by Government. The Committee do not desire to pursue 14.1 per cent of the recommendations in view of the Government's replies. Replies of Government in respect of 5.6 per cent of the recommendations have not been accepted by the Committee.

NEW DELHI;  
April 9, 1973.

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*Chaitra 19, 1895 (Saka).*

SUBHADRA JOSHI,  
*Chairman,*  
*Committee on Public Undertakings.*

## CHAPTER I

### REPORT

*Manpower Requirement—Manpower Requirement and over-staffing—  
Paras 2.27, 2.28 and 2.30 of Seventeenth Report (Fifth Lok Sabha)*

#### **Recommendations (Serial Nos. 1, 2 and 4)**

The Committee observed that a number of public undertakings had staff more than what was required for optimum utilisation. While there might have been some alibi in the beginning of lack of experience in determining accurately man-power requirements for new undertakings, this no longer could hold good at present as public undertakings had got experience of two decades behind them. The agencies like the Institute of Management|National Productivity Council could render expert advise in the matter. The Committee recommended that Government as a whole, including the Bureau of Public Enterprises, the administrative Ministry concerned with the Undertakings, the associated Finance etc. should take special care to work out norms for man-power requirements at the time of preparing the detailed project report. The Committee emphasised that there should be an incentive system built into the working of the public undertakings with an accent on greater production.

2. The Committee further recommended that 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. The Committee further observed that it would also be useful to associate expert bodies like National Productivity Council and Indian Institute of Management in such studies so as to make for objectivity of approach.

3. The Committee note that Government have accepted the recommendations of the Committee and in their reply have stated that the Bureau of Public Enterprises had already entrusted to the Institute of Applied Man-power Research a study of Man-power Planning practices in the public sector undertakings. The Report

brought out by the Institute entitled "Man-power Planning in Public Undertakings in India—Review" had been circulated to the enterprises. The Government intended to discuss the various steps to be taken to improve the man-power planning function in public enterprises at a conference of the Chief functionaries concerned with man-power planning in the enterprises, where representatives of the professional institutions like IAMR, National Institute for Training in Industrial Engineering and other institutes of management could also be invited to participate. The Government had also taken up the matter with IAMR and NITIE, with a view to organising suitable programmes for the public sector managers in manpower planning at the enterprise level.

4. The Government in their reply further stated that Committee's recommendation regarding the need for an incentive system built into the working of public enterprises, was being brought to the notice of public enterprises for their information and guidance.

5. **The Committee would like the Government to take early steps to bring about improvement towards man-power planning in the public undertakings. The Committee express the hope that while taking a decision on the Report of the Institute of Applied Man-power Research, the views of the Committee on Public Undertakings would be kept in view.**

(i) *Recruitment Policy—Paras 3.28, 3.29, 3.33 and 3.36 of Seventeenth Report (Fifth Lok Sabha)*

**Recommendations (Serial Nos. 9, 10, 14 and 17)**

(ii) *Promotion Policy—Paras 4.19, 5.20 and 5.22 of Seventeenth Report (Fifth Lok Sabha)*

**Recommendations (Serial Nos. 25, 26 and 28)**

6. The Committee felt that broad framework for rules of recruitment in Public Undertakings should be laid down by the Bureau of Public Enterprises, which should define broadly the categories which would constitute the middle and the top cadres and make a distinction between public undertakings which were engaged in industrial enterprises and those which were concerned with insurance, financial management, business, trade, etc. If necessary, the guidelines might be different for these two broad categories of undertakings. The Committee suggested that each undertaking might lay down detailed rules which might be got

approved from the Bureau of Public Enterprises so as to make sure that they were not contrary to the principles laid down.

7. The Committee further suggested that there should be a system for reviewing the rules periodically to make sure that they were in conformity with the developments in personnel management. The Bureau of Public Enterprises should develop a Manual of Recruitment which would provide detailed guidance based on concrete cases so that it could serve as a useful reference volume.

8. The Committee also recommended that the Bureau of Public Enterprises should commend to public undertakings suitable aptitude and psychological tests for recruitment and avail of the help of the Institute of Management|National Productivity Council in devising these tests.

9. The Committee further suggested that the Bureau of Public Enterprises should take special interest 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.

10. The Committee observed that a uniform and well defined promotion policy had not been laid down for most public undertakings. They were of the view that discontent over promotions had been the primary cause of several work stoppages in undertakings. The Committee felt that the entire question of promotions in the Public Undertakings should be reviewed by the Government. They were of the view that a system of identifying talent among the workers and giving them opportunities for development should be introduced in the Undertakings.

11. The Government in their reply stated that they had decided to examine the directions in which the model recruitment rules circulated to Public Enterprises earlier could be further amplified in the light of the recommendations of the Committee. Government further stated that in order to secure a purposeful interaction between the Bureau of Public Enterprises and the agencies like Institute of Management etc. in the efforts to devise a more purposeful recruitment policy for the Public Enterprises, they had constituted a Study Group comprising of the representatives of the

following agencies, with Director (Management) Bureau of Public Enterprises acting as Convener:—

- \*1. Director (Personnel) Hindustan Steel Ltd.
2. Director (Personnel) Hindustan Copper Ltd.
3. A representative of State Trading Corporation.
4. A representative of Indian Oil Corporation.
5. A representative of Indian Institute of Management, Calcutta.
6. A representative of National Productivity Council.
7. A representative of Department of Personnel.
8. A representative of Union Public Service Commission.
9. Director, Management Division, Bureau of Public Enterprises—Convener.

12. The Government further stated that the Study Group would go into the whole question and formulate the necessary recommendations for further consideration and decision by the Government.

**13. The Committee would like to be kept informed of the Report and findings of the Study Group constituted by the Government. The Committee express the hope that the Study Group while examining the question of recruitment and promotion policy would keep in view the recommendations of the Committee on Public Undertakings and that the Government would also do the same while taking a decision on the findings of the Study Group.**

*Promotion Policy—Para 5.21 of Seventeenth Report (Fifth Lok Sabha)*

#### **Recommendation (Serial No. 27)**

14. The Committee noted that certain model principles governing promotions were drawn up in 1967. The Ministry of Labour and Employment forwarded the same in original to the Ministry of Industrial Development with a copy to the Bureau of Public Enterprises. The Ministry of Industrial Development forwarded a copy of it to the public undertakings under their control in August, 1967 and to other Ministries/Departments of the Government of India connected with

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\*At the time of factual verification, the Ministry of Finance (Bureau of Public Enterprises) stated as follows :—

“In the composition of the Study Group appointed by the BPE. to review Recruitment and Promotion Policies, instead of Director (Personnel) Hindustan Steel Ltd., Adviser (Technical Training), Hindustan Steel Ltd., may be given .”

public undertakings only in January, 1969. It was only on the insistence of the Committee that the Ministry of Industrial Development had addressed these undertakings to ascertain whether the instructions contained in the model principles were in fact being followed by them. The Ministry of Industrial Development were only now circulating these model principles to new undertakings which had come into being after 1967.

15. The Committee also noted that the Bureau of Public Enterprises took an even more complacent attitude in the matter by stating that it was for the Ministry of Industrial Development to take action in the matter. The Committee felt that it was the bounden duty of the Bureau of Public Enterprises, the Ministry of Industrial Development and other administrative Ministries concerned to make sure that the 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 undertaking.

16. The Committee felt that the promotion procedure should have been devised after fullest consultation with the recognised trade-unions or service associations and given wide publicity and printed in the form of service manuals; so as to obviate any complaint from any quarter and workers' representatives should be associated with the implementation of the Model Principles for Promotion.

17. The Committee desired 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.

18. In their reply, Government stated that the matter was being pursued by the Bureau of Public Enterprises with the administrative Ministries|Departments and Public Enterprises to make sure that the model principles were given effect to in letter and sprit. Government further stated that each undertaking had been requested to intimate to the Bureau the action taken by them in the matter and information received by them was being consolidated for furnishing to the Committee. \*Information from 76 undertakings had been received by Government and the matter was being pursued with the remaining undertakings.

**19. The Committee express the hope that wherever deviations from the Model Rules are there, the Bureau of Public Enterprises**

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\*At the time of factual verification, the Ministry of Finance (Bureau of Public Enterprises) stated that "subsequently information in respect of 21 more undertakings was furnished with Ministry's O.M. dated 31-3-1973".

would take action to streamline the procedure in accordance with the Model Principles drawn up in 1967.

*Workers' Participation in Management—Paras 8.27, 8.28, 8.32 and 8.33 of Seventeenth Report (Fifth Lok Sabha)*

**Recommendations (Serial Nos. 35, 36, 40 and 41)**

20. The Committee expressed itself strongly in favour of participation of workers and their representatives in the management of Public Undertakings and recommended 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.”

21. The Committee also recommended that workers working in a shop may elect representatives who will co-operate with the Supervisor in all matter concerning the shop. Similarly workers should elect their representatives to participate at higher levels and in all matters concerning target fixation, performance, recruitment, promotions, disciplinary actions, safety, welfare and working conditions. The Committee further recommended that such a scheme of workers' actual participation at all levels should be first tried in one or two selected undertakings and watched.

22. The Committee note that the \*Management of Hindustan Antibiotics Ltd. which had been selected for the introduction of the scheme, had addressed the Workers' Union for a panel of names for appointment on the Board of Directors. In reply, Government further stated that the whole scheme of joint consultations in the context of the recommendations was intended to be discussed at the future meeting of the National Tripartite Forum, comprising of representatives of the Government, employers and the employees in order to arrive at a consensus before steps were taken to implement the recommendations of the Committee through statutory or voluntary

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\*At the time of factual verification, the Bureau of Public Enterprises intimated as follows:—  
 “The present position of this matter is that Government have received the nomination of the workers' union and the appointment of the workers' representative on the Board of Directors of Hindustan Antibiotics Ltd. is under consideration.”



measures. Government further stated that the possibility of appointing worker-Director on the Boards of Management of other Central Public Sector Undertakings was under examination.

23. The Government in their reply to the recommendations stated as follows:—

“The Government have decided that the Scheme for appointment of workers’ representatives on the Board of Management should be initially tried in a few undertakings, other than financial and commercial undertakings. Sensitive defence and strategic undertakings, including those relating to atomic energy, are also to be kept out of the purview of the scheme. The guidelines evolved for working the scheme are enclosed. The management of the Hindustan Antibiotics Ltd. which has been selected for this experiment, have invited the recognised union to submit a panel of three names. The panel of names is still awaited.

Other forms of workers participation at various levels, like the statutory Works Committees and voluntary Committees like Joint Management Councils, Production Committees, Safety Council, already exist. The National Commission on Labour have made certain suggestions for their effective functioning. The whole scheme of joint consultations in the context of these recommendations is to be discussed at the National tripartite forum. The Ministry of Labour, Employment and Rehabilitation are being requested to apprise this forum of the recommendations made by the Committee on these matters.”

24. The Committee find that the Government have not appreciated the intention and spirit of the above recommendations which are of a very fundamental nature in as much as they point out that mere appointment of workers’ representatives on the Board of Management without workers’ participation at all levels will have only a symbolic value. The Committee while reiterating their earlier recommendations desire the Government to take serious note of these recommendations.

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 1)

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 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 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 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 undertakings right from the inception and that the parameters for this incentive system should be realistic with an accent on greater production. (Paragraph 2.27).

### **Recommendation (Serial No. 2)**

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 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 Institute of Management in such studies so as to make for objectivity of approach (paragraph 2.28).

### **Recommendation (Serial No. 4)**

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 sections (Paragraph 2.30).

### **Reply of Government**

Government have recognised the importance of proper man-power planning on the part of public enterprises. In fact, Bureau of Public Enterprises entrusted to the Institute of Applied Man-power Research a study of Man-power Planning practices in the public sector undertakings, with a view to assessing the state of "preparedness" of these enterprises in this regard. The Report brought out by the Institute entitled "Man-power Planning in Public Sector Undertakings in India—Review" has pointed out the limitations of man-power planning practices at present practised in public enterprises. It has also been brought out that action is required for bringing about improvement in the following areas:—

- (a) Organisation for Manpower Planning;
- (b) Inventory of Manpower and its uses;
- (c) Forecasting bases and techniques;
- (d) Perspective planning of the business and its link-up with Manpower Planning;
- (e) Personnel Appraisal System;
- (f) Recruitment, training and succession planning, etc.

The Report has been circulated to the enterprises by the Bureau. The intention is to discuss the various steps to be taken to improve the manpower planning function in public enterprises at a conference of the chief functionaries concerned with man-power planning in the enterprises, where representatives of the professional institutions like IAMR, National Institute for Training in Industrial Engineering and other institutes of management could also be invited to participate. The matter has also been taken up with IAMR and NITIE, with a view to organising suitable programmes for the public enterprises to meet their requirements of training of public sector managers in manpower planning at the enterprise level.

The other observations of the Committee in the above recommendations e.g. the need for an incentive system built into the working of public enterprises, with a realistic parameter which should be determined in consultation with experts in time and motion studies, costing, quality control, etc., and also representatives of labour, are being brought to the notice of public enterprises for their information and guidance.

[Bureau of Public Enterprises O.M. No. 9(100)71-BPE(GM-I),  
dated 14-12-1972]

### COMMENTS OF THE COMMITTEE

Please see paras 1 to 5 of Chapter I of the Report.

#### **Recommendation (Serial No. 3)**

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. (Paragraph 2.29).

#### **Reply of Government**

The recommendation of the Committee has been brought to the notice of public enterprises for necessary action. A systematic review

as suggested by the Committee is also being undertaken by the Bureau of Public Enterprises, and the results thereof will be watched. A copy of O.M. No. 8(1)/72/BPE/IC dated the 23rd August, 1972 issued in this respect to all Ministries/Departments of Government of India with copy to Chief Executives of Public Enterprises, is enclosed (Appendix I).

[Bureau of Public Enterprises O.M. No. 9(100)71-BPE(GM-I),  
dated 25-10-1972]

### **Recommendation (Serial No. 5)**

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 (Paragraph 2.31).

### **Reply of Government**

Noted

[Bureau of Public Enterprises O.M. No. 9(100)71-BPE- (GM-I),  
dated 14-12-1972]

### **Recommendation (Serial No. 6)**

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 (Paragraph 2.32).

### **Reply of Government**

The public enterprises have already been asked to furnish detailed information regarding surplus personnel, indicating also the details of the schemes, if any, which they have drawn up for working off the surplus personnel, the difficulties, if any, encountered in executing the schemes devised to work off the surplus personnel, etc. This has been done, pursuant to the recommendation of the Committee at SI. No. 3 of this Report, wherein they have desired the Government to carry out a systematic review through the Bureau to ensure that

each undertaking does carry out a review of the extent of over-staffing and also take effective action to work off its surplus personnel so that all men are engaged in productive effort. On receipt of the replies from the public enterprises, and an analysis thereof, Government will issue suitable further instructions to the public enterprises.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 14-12-1972]

#### **Further information called for by the Committee**

In their reply, Government have stated that public enterprises have been asked to furnish detailed information regarding surplus personnel and the scheme devised by them to work off the surplus personnel.

Further instructions issued to public enterprises in this regard may be supplied.

[Lok Sabha Secretariat O.M. No. 18-PU/70, dated 7-2-1973]

#### **Further Reply of Government**

As earlier indicated in the Government reply to this recommendation, suitable further instructions will issue to the public enterprises in this regard after the receipt of the information called for from the public enterprises pursuant to the recommendation of the Committee at Serial No. 3 of the present Report, and an analysis thereof. Replies are still awaited from more than 25 enterprises, who have been reminded. After the analysis of the various replies from the enterprises, the question of issuing further instructions will be taken up. A copy of the instruction as and when issued, will be forwarded to the Lok Sabha Secretariat.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 26-2-1973]

#### **Recommendation (Serial No. 7)**

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. (Paragraph 2.42).

**Recommendation (Serial No. 8)**

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. (Paragraph 2.43).

**Reply of Government**

Suitable instructions have been issued to the administrative Ministries and Public Enterprises, keeping in view the earlier decision of Government also in this area. A report on the action taken by Public Enterprises for achieving the objective of reducing the number of helpers/khalasis in their undertakings has also been called for. Ministry of Finance, Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I)-I, dated 24-10-1972 refers (Appendix II).

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I), dated 25-10-1972]

**Recommendation (Serial No. 9)**

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 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. (Paragraph 3.28).

**Recommendation (Serial No. 10)**

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. (Paragraph 3.29).

### **Recommendation (Serial No. 14)**

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 undertaking 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. (Paragraph 3.33).

### **Recommendation (Serial No. 17)**

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. 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. (Paragraph 3.36).

### **Recommendation (Serial No. 25)**

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. (Paragraph 5.19).



### **Recommendation (Serial No. 26)**

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. (Paragraph 5.20).

### **Recommendation (Serial No. 28)**

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. (Paragraph 5.22).

### **Reply of Government**

Government have decided to examine the directions in which the model recruitment rules circulated to Public Enterprises earlier could be further amplified, having regard to the observations made by the Committee in the above recommendations. It is also a fact that various developments have taken place during the last few years in the area of personnel recruitment and selection. Indeed, some of the major enterprises have developed some expertise, in the matter of recruitment and selection of personnel. In order to

secure a purposeful inter-action between the Bureau, Public Enterprises, and the agencies like Institute of Management, etc., in the efforts to devise a more purposeful recruitment policy for the Public Enterprises by the issue of the necessary instructions from Government, keeping in view also the recommendations of the Committee, a Study Group comprising of the representatives of the following agencies—Director (Management), Bureau of Public Enterprises acting as Convenor has been constituted:—

- \*1. Shri R. P. Billimoria, Director (Personnel), Hindustan Steel Ltd.
2. Shri M. K. Basu, Director (Personnel), Hindustan Copper Ltd.
3. A representative of State Trading Corporation.
4. A representative of Indian Oil Corporation.
5. Representative of Indian Institute of Management Calcutta.
6. Representative of National Productivity Council.
7. Representative of Deptt. of Personnel.
8. Representative of Union Public Service Commission.
9. Director, Management Division, Bureau of Public Enterprises—Convenor.

The Study Group will go into the whole question and formulate the necessary recommendations for further consideration and decision by the Government.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I), dated 27-10-1972]

#### Further information called for by the Committee

A copy of the Report of the Study Group constituted by the Government may be furnished.

[Lok Sabha Secretariat O.M. No. 18-PU/70, dated 7-2-1973]

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\*At the time of factual verification, the Ministry of Finance (Bureau of Public Enterprises) stated as follows :—

“In the names of the members of the Study Group appointed by BPE instead of Shri R. P. Billimoria, Director (Personnel) Hindustan Steel Ltd., the name of Shri Vikram Prakash, Adviser (Technical Training), Hindustan Steel Ltd., may be given.”

### Further reply of Government

The Study Group constituted in this regard has met twice and discussed various aspects connected with recruitment policy in public enterprises. As the Study Group has not concluded its deliberations, the report is yet to be drafted.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 26-2-1973]

### COMMENTS OF THE COMMITTEE

Please see paras 6 to 13 of Chapter I of the Report.

#### Recommendation (Serial No. 11)

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. (Paragraph 3.30).

#### Reply of Government

The recommendation has been brought to the notice of the Department of Labour and Employment for taking necessary action, including issue of suitable instructions to the Employment Exchanges.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 27-10-1972]

### **Recommendation (Serial No. 12)**

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. (Paragraph 3.31).

### **Recommendation (Serial No. 13)**

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. (Paragraph 3.32).

### **Reply of Government**

1. As noted by the Committee in recommendation No. 13, 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. Instructions were also issued that the responsibility for implementing the directive should be fixed on the Head of the Department in a formal manner, both in the administrative Ministries and Public Enterprises and reports indicate that these are being implemented. The directive also *inter alia* envisages furnishing of annual statements by each of the public enterprises within three months after the close of each calendar year, giving details of representation of Scheduled Castes and Scheduled Tribes to the controlling Ministry with copies to the Bureau of Public Enterprises, Department of Personnel, etc. The officers made responsible for implementing the directive at the Ministry level are required to submit appreciation reports thereon to Secretary of the Ministry. Copies of such reports are also to be sent to the Bureau of Public Enterprises.

2. In addition to the supervision exercised by the Administrative Ministries, the BPE also maintains a watch. Wherever the position is found unsatisfactory, the matter is taken up with the enterprise

concerned so that prompt corrective measures are taken. Thus the Chief Executives of certain enterprises were advised to adopt certain positive measures to enable a large number of suitable SC|ST's persons to get employment.

3. The attention of the public enterprises and the Ministries in administrative control thereof is again being drawn to the above-mentioned recommendations of the Committee for compliance.

[Bureau of Public Enterprises O.M. No. 9(100)71-BPE-(GM-I),  
dated 25-10-1972]

#### **Recommendation (Serial No. 15)**

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. (Paragraph 3.34).

#### **Reply of Government**

The recommendation has been accepted and communicated to the enterprises for implementation. Reports on the action taken to implement the recommendation are also being called for by the Bureau. O.M. No. 9(100)/71-BPE(GM-I)-II, dated 24-10-1972 refers. (Appendix III).

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 25-10-1972]

#### **Recommendation (Serial No. 16)**

The personnel 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. (Paragraph 3.35).

#### **Reply of Government**

Government agree that an objective achievement-oriented appraisal system is necessary to ensure individual motivation and corporate effectiveness in public enterprises. The Bureau of Public Enterprises had by its letter No. 3(20)/69-BPE(GM), dated April

18, 1969 (Appendix IV); brought to the notice of the public enterprises the need for objectivity in performance appraisal of incumbents of Top Posts, suggesting that performance should be measured against targets.

In addition, the Bureau of Public Enterprises had commissioned a survey of current managerial appraisal practices in public enterprises with the assistance of professional consultants; the study reveals the approach prevalent in this regard among top executives, etc. and had led to some recommendations on a model appraisal system, which with suitable modifications could be adopted by most of the enterprises. This model system envisages goal-setting, performance counselling, etc. as an integral part of appraisal and based on such appraisal, the generation of individual development and training programmes as well as of future performance targets and levels of remuneration. The findings of the study and the Model Appraisal System have been circulated in two Reports, viz. (i) Managerial Appraisal Practices, and (ii) Appraisal Models and Principles, to the public enterprises with a request to the enterprises that they may review current appraisal practices in order to strengthen the system. In this context, the Bureau of Public Enterprises have also commended to the Public Enterprises the adoption of Management by Objectives, which would also ensure an unbiased assessment of performance against pre-determined goals. These steps are expected to improve the appraisal systems in the public enterprises.

The Committee on Public Undertakings recommendation covers the need for objective appraisal of performance at non-managerial levels also. The suggestions contained in the two Reports on Managerial Appraisal mentioned above would help the enterprises in this matter also. The enterprises are being specifically advised to review and improve their appraisal systems for such non-supervisory staff along these lines.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 28-11-1972]

### **Recommendation (Serial No. 18)**

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

### Reply of Government

In January, 1972 Government had decided to issue a formal directive to public enterprises to reserve 17½ per cent and 27½ per cent posts equivalent to Class III and Class IV Central Services respectively for ex-servicemen and dependents of those of them who were killed in action. Where the Articles of Association or Statutes governing the undertakings did not permit issue of such a directive, they were to be amended. Formal directives have already been issued by the concerned administrative Ministries in respect of most of the enterprises. In the case of the remaining few enterprises where such formal directives have not been issued, the undertakings have agreed to abide by Government's orders on the subject.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM1I),  
dated 25-10-1972.]

#### Recommendation (Serial No. 19)

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. (Paragraph 3.38).

### Reply of Government

The recommendation of the Committee has been accepted, and brought to the notice of public enterprises for information and necessary action in future, also referring to the earlier instructions of the Bureau, with which a note showing the concessions admissible to physically handicapped persons for employment in Ministries/ Departments of the Government was forwarded to the enterprises, so that they can suitably adapt the same keeping in view their special circumstances. Ministry of Finance O.M. No. 9(100)/71-BPE(GM I) dated 25-10-1972 refers. (Appendix V).

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM1I),  
dated 25-10-1972.]

#### Recommendation (Serial No. 20)

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. (Paragraph 4.15).

**Recommendation (Serial No. 21)**

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. (Paragraph 4.16).

**Recommendation (Serial No. 22)**

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. (Paragraph 4.17).

**Recommendation (Serial No. 24)**

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 quality 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. (Paragraph 4.19).

**Reply of Government**

The four Recommendations relate to:—

- (a) employer's responsibility regarding training of workers;
- (b) the need for more intensive training for outside recruits;
- (c) adequate and appropriate training facilities for technicians and Managers; and
- (d) grant of leave for training and structuring suitable training programmes.



Government have taken various measures pursuant to the Recommendations of the Administrative Reforms Commission made in their Report on Public Sector Undertakings and the Report of the National Commission on Labour, which would go to achieve the objectives of the above Recommendations made by the Committee on Public Undertakings. The Bureau of Public Enterprises has been vested with the responsibility of coordinating Management Training efforts of the Public Enterprises and has taken certain steps in discharge of this responsibility. The need for intensive training at the induction stage followed by periodic refresher programmes for employees at all levels has been emphasised to the public enterprises. (Extracts from O. M. No. 2(9)/70-BPE(GM I) dated 24-1-1970 (enclosed) (*Appendix VI*). For proper Management Development, the formulation of suitable Management Training Programmes with an adequate perspective has been undertaken at the instance of the Bureau in respect of a few enterprises and this programme is being continued. The Bureau has been circulating every year a Catalogue of Management Training Programmes to the Public enterprises in order to help them draw-up their training schedules in advance. Representation of the Bureau on the Governing Bodies of the two institutes of Management at Ahmedabad and Calcutta as well as the Administrative Staff College of India, Hyderabad, has helped in orienting some of the activities of these institutes to meet the particular requirements of the public enterprises. For middle and higher levels, the Bureau has also tried to utilise, wherever necessary, foreign training facilities made available under various international Aid Programmes. Government continuously reviews these matters with public enterprises.

In respect of training of specialists and technicians, Government have accepted the Recommendation of the ARC that the primary responsibility would be of the undertakings themselves and where desirable, the undertakings operating in the same field of technology should engage themselves co-operatively in this area.

The National Commission on Labour had made two Recommendations pertaining to the employers' responsibility in providing suitable training to the workers, particularly to re-equip him with new skills required to prevent obsolescence. Also, the need to grant adequate study leave has been emphasised by the National Commission on Labour. These views of the National Commission on Labour have been accepted by the Government and have been brought to

the notice of the public enterprises for necessary action. They have also been requested to inform Government about action taken [OM No. BPE(I & R) F. 41(NCL 2)/70 dated 21st March, 1970—copy enclosed (*Appendix VII*)]. As a result of these steps, there has been an increasing awareness on the part of the enterprises to provide the workers, technicians and managers the necessary training to preform their present jobs better and to equip them for higher responsibilities in the future.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 16-11-1972.]

### **Recommendation (Serial No. 23)**

In the trading corporation, 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 clauses 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. (Paragraph 4.18).

### **Reply of Government**

The Committee have emphasised the need for public sector trading corporations to provide adequate and suitable training to their employees through in company and external programmes for equipping them to shoulder higher responsibilities.

Training has been recognised as an important plank of management development policy for all commercial organisations. Some of the leading Central Government trading corporations like the State Trading Corporation of India Limited and the Food Corporation of India have recognised the importance of providing suitable functional training for their employees. The State Trading Corporation for instance have elaborate arrangements for imparting training to their employees through various in-company and external programmes. Such training is as much meant to improve functional qualifications of employees as to prepare them for higher responsibilities as they qualify for promotions. Subsidiary companies of the State Trading Corporation, like the Cashew Corporation of India Limited, Projects & Equipment Corporation of India Limited, Handicrafts and Handlooms Exports Corporation of India Limited and Indian Motion Pictures Export Corporation Limited also participate in the training programmes of the parent company to a great extent. In the Food

Corporation of India, a full fledged Central Training Institute is responsible for providing necessary training to the Corporation's employees at all levels. The Corporation have also been deputing their employees for specialised external training in important areas like Materials Management, Quality Control, Financial Management, personnel Management, etc.

The Management Development requirements of the Minerals & Metals Trading Corporation of India Limited, which is another important trading corporation, have been taken up for special study at the instance of the Bureau of Public Enterprises to indicate the lines on which the Management Development needs of the Company could be best met.

### Corporations

There are some newly set-up commodity trading corporations like the Tea Trading Corporation of India Ltd., the Cotton Corporation of India Limited, the Jute Corporation of India Limited, etc. which may not as yet have fully developed arrangements for training. The recommendation of the Committee, therefore, has been brought to the notice of all such trading corporations through their administrative Ministries so that they may formulate without delay a suitable training programme for the development of their employees' professional capabilities.

There are in addition, corporations which deal in sale of service like the Central Warehousing Corporation, the Shipping Corporation of India Ltd., the India Tourism Development Corporation Ltd., Indian Airlines and Air India, etc. Most of these have proper arrangements for training. Similarly, the large manufacturing concerns, like the Hindustan Steel Limited and the Fertilizer Corporation of India Limited have been showing adequate attention to training of their employees.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM I),  
dated 28-11-1972.]

### Recommendation (Serial No. 27)

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 inform-

ed within three months in detail of the action taken by each undertaking with particular reference to the eleven points mentioned in the Bodel Principles (Paragraph 5:21):

### Reply of Government

As desired by the Committee, the matter was followed up by the Bureau of Public Enterprises to make sure that the model principles were given effect to in letter and spirit by the undertakings. A copy of the O.M. No. 9(1)|72-BPE(IC), dated the 26th May, 1972 addressed to administrative Ministries|Departments|Enterprises is enclosed (Appendix VIII). It was requested that action taken by each of the Undertakings might be intimated to the Bureau by the 30th June, 1972 at the latest so that such information could be consolidated and supplied to the Parliamentary Committee within the time limit specified by them in their Report. Reminders were issued to the defaulting enterprises on 19th July, 17th August and 25th October, 1972. As suggested by the Committee, a detailed report on action taken by each Undertaking is under compilation and would be sent to the Committee. Meanwhile, the possible, regarding 56 enterprises whose replies have so far been examined may be summarised as under:—

(a) Four undertakings (*viz.* Bharat Dynamics Ltd., Indian Dairy Corporation, Jute Corporation of India and Cochin Shipyard Ltd) have stated that they have been set up recently and that they would keep in view the Model Principles while framing the Recruitment and Promotion Rules for their employees.

(b) Twelve Undertakings (National Small Industries Corporation, National Buildings Construction Corporation, Engineering Projects, (I) Ltd., Bharat Pumps and Compressors Ltd., Central Inland Water Transport Corporation Ltd., Hindustan Salts Ltd., Hindustan Organic Chemicals Ltd., Madras Fertilisers Ltd., Cochin Refineries Ltd., India Tourism Development Corporation Ltd., Hindustan Cables Ltd. and Tannery and Footwear Corporation Ltd.) have observed that either they have taken steps for, or are in the process of, framing Recruitment and Promotion Rules, and that they would keep in view the Principles at the time of finalisation of the service rules. (The matter is being pursued further and it is expected that the exact position regarding adoption of the Model Principles in those Undertakings would be available sometime in mid-November this year).

(c) Twenty-seven Undertakings furnished detailed information which was scrutinised with reference to each of the Model Principles in order to find out the extent of conformity to the said Principles. In that endeavour, additional information|clarifications were

also sought from the concerned undertakings. A detailed account of the results of examination has been given in a statement enclosed (Appendix IX), from which the progress made in the matter of implementation of Model Principles by those enterprises can be appreciated.

(d) Thirteen undertakings (inclusive of 9 under the administrative control of Ministry of Foreign Trade) have stated that there are no industrial workers in their organisations to whom the Model Principles are applicable. These are Film Finance Corporation, Shipping Corporation, State Farms Corporation, Indian Consortium for Power Projects, State Trading Corporation, Minerals and Metals Trading Corporation, National Textile Corporation, export Credit Guarantee Corporation, Indian Motion Pictures Export Corporation, Handicrafts and Handlooms Export Corporation, Cotton Corporation, Cashew Corporation, Projects and Equipment Corporation of whom the first two averred that the Model Principles are acceptable to them.

[Bureau of Public Enterprise O.M. No. 9(100)|71-BPE(GM-I),  
dated 25-10-1972]

#### **Supplementary reply of Government to recommendation No. 27**

In continuation of the information furnished on the subject of Model Principles for promotion of industrial workers concerning 56 enterprises (*vide* Recommendation No. 27) the position regarding 20 more enterprises is summarised below:—

(a) Two undertakings (Bharat Coking Coal Ltd., and Hindustan Paper Corporation Ltd.) have stated that they have been set up recently and that they would keep in view the Model Principles while framing the Recruitment & Promotion Rules for their employees.

(b) Three undertakings (Indian Airlines Corporation, Sambhar Salts Ltd., and National Seeds Corporation Ltd) have observed that either they have taken steps or are in the process of framing|revising Recruitment & Promotion Rules and that they would keep in view the Model Principles at the time of finalisation of the service rules.

(c) Twelve undertakings (Instrumentation Ltd., Hindustan Housing Factory Ltd., Indian Petro-chemicals Corporation Ltd., Hindustan Latex Ltd., Hindustan Photo Films Mfg. Co. Ltd., Fertilisers and Chemicals Travancore Ltd., Bharat Heavy Electricals Ltd., Hindustan Shipyard Ltd., Central Inland Water Transport

Corporation Ltd., National Minerals Development Corporation Ltd., Bokaro Steel Ltd., and Neyveli Lignite Corporation Ltd.) furnished detailed information which was scrutinised with reference to each of the Model Principles in order to find out the extent of conformity to the said principles. In that endeavour, additional information/clarifications were also sought from the concerned undertakings. A detailed account of the results of examination has been given in a statement enclosed (Appendix X) from which the progress made in the matter of implementation of Model Principles by those enterprises can be appreciated.

(d) Three undertakings (Rural Electrification Corporation Ltd., Mogul Lines Ltd., and National Research Development Corporation Ltd.) have stated that there are no industrial workers in their organisations to whom the Model Principles are applicable.

\*2. Information from some of the enterprises is still awaited. They have again been reminded on the 12th December, 1972. A further report on the remaining undertakings would be sent to the Committee shortly.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM—I),  
dated 28-12-1972].

#### **Further information called for by the Committee**

The Bureau of Public Enterprises should also see that implementation work is initiated wherever not done.

Wherever deviations from Model Rules are there, have these been accepted by the Bureau? This may be clarified.

[Lok Sabha Secretariat O.M. No. 18-PU/70,  
dated 7-2-1973].

#### **Further Reply of Government**

It may be mentioned that the Bureau has already initiated action for the implementation of the Model Rules where this has not been done. This will be done in the case of new companies also.

The Bureau examines the service rules of individual enterprises to ensure that these achieve the basic objectives of the Model Rules.

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\*At the time of factual verification, the Ministry of Finance (Bureau of Public Enterprises) stated that "subsequently information in respect of 21 more undertakings was furnished with Ministry's O. M. dated 31-3-1973." (Vide Appendix X-A).

In this context, only such variations, which are necessitated by special reasons pertaining to the company, having the general approval of the workers and are not likely to jeopardise the objectives of the Model Rules, are accepted.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM-1), dated 26-2-1973].

### COMMENTS OF THE COMMITTEE

Please see paras 14 to 19 of Chapter I of the Report.

#### **Recommendation (Serial No. 29)**

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 executive 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 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 (Paragraph 6.11).

#### **Recommendation (Serial No. 30)**

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 personnel 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 (Paragraph 6.12).

### **Reply of Government**

The recommendations of the Committee have been accepted and the administrative Ministries, as also the Public Enterprises, have been suitably advised. Ministry of Finance O.M. No. 9(100)|71-BPE (GM-I) dated 27-10-1972 refers (Appendix XI).

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM-I), dated 27-10-1972].

### **Recommendation (Serial No. 31)**

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 a 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 (Paragraph 7.11).

### **Recommendation (Serial No. 32)**

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. (Paragraph 7.12).

#### **Recommendation (Serial No. 33)**

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. (Paragraph 7.13).

#### **Recommendation (Serial No. 34)**

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. (Paragraph 7.14).

#### **Reply of Government**

As regards the recommendation that the administrative Ministry should be required to consult the Bureau of Public Enterprises before approval to the engagement of a non-Indian person by a Public Enterprise, in order to ensure that the possibility of getting an expert from another undertaking is fully explored, it may be explained that the Bureau is not equipped to advise the Ministries on such matters, this is because the proposal for the engagement of foreign personnel will in any case be mooted only in respect of very specialised fields. On the other hand, since most of the enterprises operating in the same industry are under the same administrative Ministry, this aspect about the likely availability of Indian personnel for performing the functions envisaged for the foreign personnel, could be properly taken care of by the administrative Ministries themselves.

The recommendation of the Committee about the framing and Application of the Income Tax regulations so as to act as a disincentive for employment of non-Indian personnel except where absolutely essential and inescapable to employ them and that too for the minimum period necessary has been brought to the notice of Department of Revenue and Insurance for suitable action.

Keeping the foregoing in view, comprehensive instructions have been issued to the administrative Ministries and Public Enterprises so as to bring out the existing position in this regard and also incorporating the recommendations of the Committee O.M. No. 9(100)/71-BPE(GM-I), dated 23rd October 1972 refers (Appendix XII).

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I), dated 25.10.1972].

### **Recommendation (Serial No. 39)**

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 decision 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. (Paragraph 8.31).

### **Reply of Government**

Government agree that there should be an effective system of joint consultative machinery at the plant level whereby the management could share information with the workers' representatives on important matters concerning the undertaking. The statutory Works Committees and the voluntary Joint Management Councils which are operating at present seek to serve this purpose and also to promote amity between the managements and workers. The National Commission on Labour studied their working and made certain recommendations to make them more effective. The matter is likely to be discussed at a further tripartite meeting before Government can take any concrete decisions in this regard.

In any case, pursuant to one of the recommendations of the Committee on Public Undertakings in their 67th Report (Fourth

Lok Sabha) on "Production Management in Public Undertakings", Government have already advised the Public Enterprises that their management should continue to strive to secure the active cooperation of labour towards improvement of production, since a contented labour alone can be expected to give their best. This Ministry's O.M. No. 2(75)/71-BPE(GM-I), dated 12.2.1971 refers.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I), dated 16-2-1972].

### **Recommendation (Serial No. 42)**

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. (Paragraph 9.18).

### **Reply of Government**

The observations of the Committee have been brought to the notice of the Public Undertakings.

[Bureau of Public Enterprise O.M. No. 9(100)/71-BPE(GM-I), dated 25-10-1972].

### **Recommendation (Serial No. 43)**

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. (Paragraph 9.21).

### Reply of Government

The Administrative Reforms Commission had also made similar recommendations in their Report on Public Sector Enterprises which the Government had accepted and issued instructions to the public enterprises to strengthen the personnel departments and employ officers trained in personnel administration and industrial relations and take measures to promote the welfare of the workers. The Ministry of Labour and Rehabilitation carry out periodical studies in the implementation of labour laws and evaluation of industrial relations in the enterprises.. It will be seen that there is already a system of appraisal which the Government and the management utilise to achieve the best results in the enterprises.

The Committee's observations in this regard are being brought to the notice of the undertaking for guidance.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I)  
dated 25-10-1972]

#### Recommendation (Serial No. 45)

The Committee are of the opinion that the existing arrangements 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 (Paragraph 10.23).

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 per cent or more of the total membership is eligible for recognition. The Committee suggest that it may be desirable to revise the criterion to 30 per cent 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 per cent 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 negotiation 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 undertakings as a whole etc. are discussed so that agreed decisions may be more readily implemented (Paragraph 10.24).

#### **Recommendation (Serial No. 46)**

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. (Paragraph 10.25).

#### **Recommendation (Serial No. 47)**

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. (Paragraph 10.26).

#### **Reply of Government**

Similar recommendations have been made by the National Commission on Labour and accepted at the 29th Session of the Standing Labour Committee. A comprehensive law on industrial relations covering the criteria for recognition of trade unions, minimum percentage required for recognition, sole bargaining agent and associating un-recognised unions in bilateral negotiations on certain matters etc. is under consideration of the Government.

[Bureau of Public Enterprises O.M. No. 9(100)71-BPE(GM-I)  
dated 25-10-1972]

### **Recommendation (Serial No. 48)**

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. (Paragraph 11.11).

### **Reply of Government**

The need to lay down norms, standards and types for residential accommodation to be adopted by the public undertakings were emphasised by the Committee on Public Undertakings in their 8th Report (Third Lok Sabha) and 19th Report (Fourth Lok Sabha). The Government accepted these recommendations and suitable instructions were issued vide letter No. 658-ADV (C)|Cir-91|71, dated 14.7.1971 (Appendix XIII).

Phasing of the programme of construction of staff quarters to meet the actual and projected requirements are kept in view while examining township estimates submitted by the public undertakings. Sanction for construction of township is accorded in phases to meet minimum requirements as stated in reply to Recommendation No. 14 of the 8th Report by the Committee on Public Undertakings (Third Lok Sabha) on Townships and Factory Buildings. Implementation is watched through periodic progress reports submitted by the projects.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I)  
dated 25-10-1972]

### **Recommendation (Serial No. 50)**

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. (Paragraph 11.13).

### **Reply of Government**

The Government had already issued instructions that public undertakings should promote formation of cooperative housing

among

societies among their employees and allot the surplus lands in their townships to the cooperative housing societies to foster a sense of belonging on the part of employees and encourage their active participation in the community welfare activities of the townships. A copy of the O.M. issued in this regard is enclosed (Appendix XIV).

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I)  
dated 16-12-1972].

#### Further information called for by the Committee

In the O.M. dated the 14th June, 1972, issued by the Bureau of Public Enterprises, there is no mention that Public Undertakings should arrange for advance of loans to the Cooperative Housing Societies of workers at concessional rate of interest. This may be clarified.

[Lok Sabha Secretariat O.M. No. 18-PU/70, dated 7-2-1973].

#### Further Reply of Government

As already stated in the reply of Government to Recommendation No. 50, Public Undertakings have been advised to promote formation of cooperative housing societies among their employees by allotting surplus lands in their township to Cooperative Housing Societies. The enterprises have also been requested to assist the Cooperative Housing Societies in the matter of bulk water supply and sewage disposal by integrating them with the bulk services of their townships. The specific recommendation of the Committee that public undertakings should encourage the development of Cooperative Housing Societies among their workers and arrange for advances of loans to the Societies at concessional rates of interest together with the Government instructions already issued that they should promote formation of Cooperative House Societies, have been brought to the notice of the undertakings through the Administrative Ministries vide O.M. No. BPE(I&R)22(2)72, dated 17-1-1973 (Appendix XV). The managements of Public Undertakings would, no doubt, render all assistance to the Cooperative Societies including any assistance that they may require in obtaining advance of loans for their members under the existing policy of the Government through the various institutions like the LIC, the State Housing Boards, Housing and Urban Development Corpn. etc. The agencies mentioned grant loans for house construction activities of approved Cooperative Societies at favourable terms and rates of interest.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I)  
dated 26-2-1973].



### **Recommendation (Serial No. 51)**

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. (Paragraph 11.15).

### **Recommendation (Serial No. 52)**

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. (Paragraph 11.16).

### **Reply of Government**

The National Commission on Labour who went into the question of provision of transport facilities to industrial workers, have concluded that "In as much as the location and development of industry in an area add to the resources of the State and local bodies, it is incumbent on them to streamline and improve the local transport services to enable the worker to reach his place of work in time.". They have outlined the steps which should be taken by the transport authorities to achieve this. These recommendations are under examination in the Department of Labour and Employment who will be taking necessary follow-up action to secure implementation. In so far as public undertakings are concerned, they strive to provide reasonable transport facilities to their employees either with the cooperation of the State Governments and the local bodies or, wherever feasible they provide the facilities themselves at considerable expense. The Committee's observations are being brought to the notice of the public enterprises to see what further improvement can be effected by them with due regard to their resources.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM-I),  
dated 16-12-1972].

### **Recommendation (Serial No. 53)**

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 recommended 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. (Paragraph 11.18).

### **Reply of Government**

The larger public enterprises who have their own townships also provide educational facilities to the children of their employees through their own schools. The Committee's observations that the top managements should pay special attention to see that the standards of instruction in the schools are of high standard, are being brought to the notice of the enterprises.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM I), dated 16-12-1972].

### **Recommendation (Serial No. 54)**

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. (Paragraph 11.19).

### **Reply of Government**

The Committee's observations are being brought to the notice of the public enterprises for their guidance.

[Bureau of Public Enterprises O.M. No. 9(100)|71-GPE(GM-I), dated 16-12-1972].

### **Recommendation (Serial No. 55)**

- (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 (Paragraph 11.20).

### Reply of Government

Government have laid down certain norms for opening new Kendriya Vidyalaya at different centres. A copy of these norms is attached. (Appendix XVI). The Kendriya Vidyalaya Sangathan which administers these Vidyalayas have set up Central Schools at Khetri (Hindustan Copper Limited), Barauni (Fertilizer Corporation of India Ltd.), Bachel (M.P.) (National Mineral Dev. Corporation) at the request of the respective managements for the opening of such schools. The Ministry of Education are being requested to consider whether the conditions laid down for opening of new Central Schools cannot be made less restrictive so that the employees of a larger number of public enterprises, particularly in major locations, could avail of the educational facilities provided by the Kendriya Vidyalaya Sangathan.

The second part of the recommendation apparently refers to making available facilities for teaching of regional languages to children of different linguistic groups. Provision of such facilities already exists under the Central Schools Scheme. The Public Undertakings, who run their own educational institutions, are being advised to make arrangements, where feasible, for teaching of regional languages in their schools, if twenty or more children desire to study any such language.

As regards the third part of the recommendation, the Committee have themselves noted that many public enterprises are already extending assistance to their employees for the education of their children in a manner similar to the assistance received by the Central Government employees. Those enterprises who maintain townships also provide substantial educational facilities directly. The Committee's recommendation is being brought to the notice of the public enterprises through the Ministries in administrative control thereof to enable them to review the existing rules in respect of payment of schools fees, sessional charges, examination fees etc., having regard to their resources and the benefits already provided to the employees.

[Bureau of Public Enterprises O.M. No. 9(100)|71-GPE(GM-I),  
dated 16-12-1972].

**Recommendation (Serial No. 56)**

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. (Paragraph 11.22)

**Reply of Government**

The Committee's suggestions regarding setting up of adequate number of First Aid Centres and make necessary arrangements for transferring gravely injured employees and other patients requiring immediate hospitalisation are being brought to the notice of the public enterprises for guidance and compliance:

The bigger industrial enterprises, especially those located away from urban areas (where adequate Employees' State Insurance services may exist) already provide well manned dispensary and hospital facilities at convenient places.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I), dated 16-12-1972].

**Recommendation (Serial No. 57)**

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. (Paragraph 11.24).

### Reply of Government

Suitable instructions are being issued to all undertakings.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM I), dated  
25-10-1972].

#### Recommendation (Serial No. 58)

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 employees. (Paragraph 11.26)

### Reply of Government

As observed by the Committee in their Report (*vide* para 11.25, some of the public enterprises have already introduced the scheme of Staff Benefit Fund, while some others are considering the introduction of such a scheme. The other public enterprises are also being advised to consider the question of introducing the Staff Benefit Fund Scheme, keeping in view the financial position of the organisation and provisions already existing in the Gratuity Rules or other similar welfare schemes for taking care of the situations, referred to by the Committee.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM I), dated  
16-12-1972].

#### Recommendation (Serial No. 59)

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. (Paragraph 11.28).

### Reply of Government

The recommendation of the Committee that canteens should be organised on a cooperative basis and provide wholesome food to the workers on a no profit and no loss basis are being brought to the notice of the enterprises for their guidance. It is also being impressed upon them that Labour Welfare Officers and other concerned functionaries ensure that the environment and the premises of the canteens and the kitchens are hygienic and healthy.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE (GM-I),  
dated 16-12-1972].

### Recommendation (Serial No. 60)

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. (Paragraph 11.29)

### Reply of Government

The observations of the Committee are being brought to the notice of the undertakings for their guidance. Even at present, the managements of public enterprises provide necessary facilities for provision of refreshments and meals to workers at cheap rates.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 16-12-1972.]

### Recommendation (Serial No. 61)

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. (Paragraph 11.30)

### Reply of Government

All industrial establishments employing more than 150 workers are statutorily required at present to provide rest rooms, besides lunch rooms. The public enterprises are being advised that rest

rooms should be reasonably furnished and provided with reading material to enable the employees to spend the rest intervals at ease.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 16-12-1972.]

#### **Recommendation (Serial No. 62)**

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. (Paragraph 11.32)

#### **Reply of Government**

The Government accept the recommendation, which is being brought to the notice of the undertakings.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 16-12-1972.]

#### **Recommendation (Serial No. 64)**

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. (Paragraph 11.36)

#### **Reply of Government**

At present several enterprises extend leave travel concession to their employees for visiting their home towns by reimbursing the whole or substantial part of the travel costs. Public Enterprises are being advised that they may render assistance to their employees to spend their holidays at places of their choice like Hill Stations by providing such information as convenient and shortest routes, mode of travelling, available cheap lodging and boarding facilities etc.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 16-12-1972.]

### **Recommendation (Serial No. 65)**

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. (Paragraph 12.18)

#### **Reply of Government**

Noted. The Public Undertakings are being advised accordingly.

[Bureau of Public Enterprises O.M. No. 9(100) |71-BPE(GM-I),  
dated 25-10-1972].

### **Recommendation (Serial No. 66)**

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. (Paragraph 12.19)

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. (Paragraph 12.20)

#### **Reply of Government**

The question of giving statutory character to the Grievance Procedure is already under consideration of the Government as part of a comprehensive legislation.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM I),  
dated 15-10-1972].



## **CHAPTER III**

### **RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES**

#### **Recommendation (Serial No. 37)**

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. (Paragraph 8.29).

#### **Reply of Government**

A country-wide Scheme of Workers' Education is being operated by the Central Board for Workers' Education. Unit level classes under the Workers' Education Scheme are conducted in public undertakings also. The object of these classes is to impart national consciousness among the workers and their role in building the economy. These courses have been useful in broadening the horizon and perception of the workers on their role and responsibilities. It is felt that the process of education of the workers and instilling in them a sense of responsibility is a continuous one; and the public undertakings fully co-operate and render all assistance in this regard.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 16-12-72]

#### **Recommendation (Serial No. 38)**

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. (Paragraph 8.30).

#### **Reply of Government**

The Bureau of Public Enterprises has recently conducted a study on Flight of Technical Personnel and Managerial Morale in Public

Enterprises which had dealt with certain aspects of managerial motivation. A similar study in respect of Drugapur Steel Plant had also been conducted a few years ago by the Industrial Psychology Division of the Central Labour Institute. However, it would be true to say that there has been a dearth of studies on industrial motivation by behavioural scientists in our country. The expertise available for conducting such studies is also very much limited. Government will however fully explore the possibilities of having such studies made and will also give appropriate support and encouragement to the institutions and persons willing to undertake them.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dt. 25-10-72].

#### **Recommendation (Serial No. 44)**

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, inplant 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. (Paragraph 9.22)

## Reply of Government

The terms and conditions of service of all employees below the Board level are determined by the enterprises themselves, under the scheme of autonomy that enterprises enjoy and the powers delegated to them. Government, however, lay down from time to time the broad policies in important matters like pay and allowances. While examining the recommendations of the Administrative Reforms Commission, it was decided that while uniform pattern of terms and conditions of service was not practicable, managements should, wherever possible, co-ordinate and effect rationalisation. Comprehensive guidelines in regard to grant of allowances like dearness, travelling, city compensatory, etc., by the enterprises have been issued *vide* O.M. No. 2(142)|68-BPE(GM) dated 6-9-1968. (Appendix XVII). Government have recently instructed the enterprises not to grant without Government's specific approval general revision of wages and increases in fringe benefits so as not to aggravate the already difficult economic situation. Within the framework of established relationship between the Government and the Public Enterprises, Government have been regulating the terms and conditions of service through appropriate policy decisions.

Wage structures are determined by the respective industry wage-boards or through bilateral negotiations between managements and employees. The public enterprise managements have been advised to follow an enlightened policy in labour matters and set an example as model employers. The Administrative Reforms Commission also had made similar recommendations on this subject which were accepted by the Government and suitable instructions were issued to public enterprises. Ministry of Finance, Department of Expenditure O.M. No. 8(90)|68-BPE(GM) dated 19-12-1968 refers.

Pursuant to the acceptance of the recommendations of the Administrative Reforms Commission, Government have advised the enterprises to strengthen their personnel departments by employing professionally qualified persons. Government are fully conscious of the need to professionalise the public enterprises management and have been impressing on them to systematise the management development planning. Bureau renders assistance to the enterprises to identify the management's needs in these areas and draw up priorities. Measures have been taken by the Government in recent years to reduce the dependence of the enterprises on deputationists. These should help in building up permanent cadres of professional managers whose interests would be in consonance with the corporate objectives of the enterprises they serve.

4. Workers' canteens receive subsidies from the managements and are run by management committees. Workers representatives serve on these Committees which are responsible for efficient service. The need to provide clean, wholesome, balanced and nourishing diet to the workers at the canteens is being impressed upon them.

5. The feasibility of declaring the Central Government as the "appropriate Government" in the case of Central Government public enterprises is already under consideration. It is a convention that such matters are brought before the national Tripartite Body consisting of representatives of the Central Government, the State Governments, employers, and employees for seeking a consensus before taking decision. Government will take a decision in the light of the views on the question expressed at the Tripartite meeting.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I), dated 25-10-1972].

#### **Recommendation (Serial No. 49)**

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 allowance should be on a realistic rate in relation 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. (Paragraph 11.12)

#### **Reply of Government**

Government have already issued detailed instructions on the policy to be adopted by Public Enterprises with regard to the grant of house rent allowance to their employees. Finance Ministry's O.M. No. 2(152)|68-BPE(GM) dated 6-9-1968 refers. It will be noted that Government does not envisage that house rent allowance rates paid to the employees should be uniform in all the Public Enterprises, irrespective of the stations, as the level of house rents is not the same in all the places. The instructions referred to seek to lay down the principles to be adopted by the enterprises in this regard.

[Bureau of Public Enterprises O.M. No. 9(100)|71-BPE(GM-I), dated 25-10-1972].

#### **Recommendation (Serial No. 63)**

The Committee think that it is a useful idea to establish handi-craft 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. (Paragraph 11.34).

### Reply of Government

A number of Labour Welfare Centres are run by the State Governments in industrial areas. A number of States have also instituted statutory funds for financing such activities. Public undertakings are being \*advised to extend assistance and cooperation to such Centres and take active interest in promoting establishment of new Centres on their own initiative or with the cooperation of the State authorities.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dt. 16-12-72].

### Recommendation (Serial No. 67)

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. (Paragraph 13.13).

### Recommendation (Serial No. 68)

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

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\*At the time of factual verification, the Ministry of Finance (Bureau of Public Enterprises) stated as follows :—

"A circular (No. BPE (I&R)/22(2)-72, dated 17-1-73) has been issued bringing to the notice of administrative Ministries the recommendations of the Committee on Public Undertakings re: the establishment of handicraft centres in the workers' colonies attached to the industrial units." (Vide Appendix XV).

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. (Paragraph 13.14).

### **Reply of Government**

By and large the arrangements for ensuring the safety of workers in public enterprises are satisfactory. The Public Undertakings are already well aware of the need to ensure full implementation of the statutory safety provisions as also the need for making the workers safety conscious. The Government realise that the question of the safety of industrial workers in the context of the rapid technological changes calls for continuous vigil on the part of the management and requires suitable training of the workers. Information on various activities of the undertakings in this regard will be gathered and instructions issued as may be necessary.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 25-10-72]

### **Recommendation (Serial No. 69)**

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. (Paragraph 13.15).

### **Reply of Government**

The various Acts like the Factories Act, 1948 and Rules framed thereunder, Coal Mines Regulations, 1957, and the Metalliferous Mines Regulations, 1961, etc. contain provisions regarding the steps to be taken by the managements for ensuring the safety of the workers, including use and supply of protective equipments in mines. Institutional arrangements for inspection already exist in the form of Factory and Mines Inspectorates under the State Chief Inspectors of Factories and the Director-General, Mines, Safety. Government therefore, consider that these arrangements are satisfactory.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM I),  
dated 28-11-72]

### **Recommendation (Serial No. 70)**

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. (Paragraph No. 13.16).

#### **Reply of Government**

The Workmen's Compensation Act, 1923 (as amended from time to time) and the Employees' State Insurance Act, 1948 together already provide for payment of compensation to workers/dependents involved in fatal accidents or accidents resulting in either partial or total disablement of a temporary or permanent nature. It, therefore, does not seem necessary for the public enterprises to take out Group Personal Accident Insurance in addition. The two above said Acts do not cover employees whose salaries/wages are more than Rs. 500 per mensem. As it is considered that such employees should also be protected against personal accidents as recommended by the Committee, public undertakings are being advised to take out Group Personal Accidents and Sickness Insurance for such employees.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 16-12-1972]

### **Recommendation (Serial No. 71)**

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. (Paragraph 13.17).

#### **Reply of Government**

Safety Award Schemes envisaged by the Committee already exist. The existing National Safety Award Schemes are voluntary and they are open to both private and public sector industrial undertakings. National Council for Safety of Mines have also introduced a scheme of safety awards for coal and mica mine workers.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 28-11-1972]

## **CHAPTER IV**

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

#### **Recommendation (Serial No. 35)**

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 makings; (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. (Paragraph 8.27).

#### **Recommendation (Serial No. 36)**

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. (Paragraph 8.28).

#### **Recommendation (Serial No. 40)**

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.



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. (Paragraph 8.32).

### **Recommendation (Serial No. 41)**

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. (Paragraph 8.33).

### **Reply of Government**

The Government have decided that the Scheme for appointment of workers' representatives on the Boards of Management should be initially tried in a few undertakings, other than financial and commercial undertakings. Sensitive defence and strategic undertakings, including those relating to atomic energy, are also to be kept out of the purview of the scheme. The guidelines evolved for working the scheme are enclosed (Appendix XVIII). The management of the Hindustan Antibiotics Ltd., which has been selected for this experiment, have invited the recognised union to submit a panel of three names. The panel of names is still awaited.

Other forms of workers participation at various levels, like statutory Works Committees and voluntary Committees like Joint Management Councils, Production Committees, Safety Councils, already exist. The National Commission on Labour have made certain suggestions for their effective functioning. The whole scheme of Joint consultations in the context of these recommendations is to be discussed at the National tripartite forum. The Ministry of Labour, Employment and Rehabilitation are being requested to apprise this forum of the recommendations made by the Committee on these matters.

[Bureau of Public Enterprises O.M. No. 9(100)/71-BPE(GM-I),  
dated 10-11-1972]

### Further information called for by the Committee

The progress in the actual implementation of the recommendations of the Committee and also the time likely to be taken for completing the process of implementation may be intimated for the information of the Committee.

[Lok Sabha Secretariat O.M. No. 18-PU|70, dated 29-12-1972]

### \*Further reply of Government

So far as the appointment of Worker-Director in the Hindustan Antibiotics Limited, Pimpri is concerned, the management had addressed the union for a panel of names. It has been reported that the union had carried out a poll on the 19th October, 1972 for electing three worker members for the panel but the result of the election has not been announced, as one of the contestants has challenged the election in a court of law. The matter is therefore, *sub judice*. The possibilities of appointing worker-Directors in the Board of management of other Central Public Sector Undertakings is under examination. Workers' representatives have been appointed on the Boards of Management of nationalised Banks.

The whole scheme of joint consultation in the context of the recommendations of the National Commission of Labour is to be discussed at a future meeting of National Tripartite forum. No date has yet been fixed for the next meeting of this forum.

[Ministry of Labour and Rehabilitation O.M. No. L-56011/3/72 dated 5-1-1973]

### COMMENTS OF THE COMMITTEE

Please see paras 20 to 24 of Chapter I of the Report.

\*At the time of factual verification, the Ministry of Finance (Bureau of Public Enterprises) stated as follows :—

O.M. No. L-56011/3/72  
72  
Government a panel  
Consideration of Gov-

“The further reply of Government regarding the appointment of worker-Director in Hindustan Antibiotics Ltd. Pimpri, has changed since the position communicated in the Ministry of Labour & Rehabilitation O.M. No. L-56011/3/72, dated 5-1-73. The workers' union have forwarded to Government a panel of names and the appointment of worker-Director is under consideration of Government. The matter is not any longer in a Court of Law.”

**CHAPTER V**

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

Nil

NEW DELHI;  
April 9, 1973.  

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Chaitra 19, 1895 (Saka)

SUBHADRA JOSHI,  
Chairman,  
Committee on Public Undertakings.

## APPENDIX I

(Vide reply to recommendation at Sl. No. 3 —Chapter II)

No. 8(1)|72|BPE(IC)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

7th Floor, Mayur Bhavan,  
Connaught Place, New Delhi.

The 23rd August, 1972

### OFFICE MEMORANDUM

**SUBJECT:**—17th Report of Committee on Public Undertakings (Fifth Lok Sabha) on Personnel Policies and Labour Management Relations in Public Enterprises—Recommendation No. 3 (Para 2.29) regarding overstaffing in public enterprises. ....

The undersigned is directed to state that the Committee on Public Undertakings in their 17th Report (Fifth Lok Sabha) on "Personnel Policies and Labour Management Relations in Public Enterprises" have observed|recommended as under:—

"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.

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 overstaffing and then in consultation with the representatives of the workers draw up realistic schemes for working of 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. In this context, attention is invited to the Bureau of Public Enterprises' O.M. No. 46|Adv(F)|BPE|68|77 dated 12th September, 1968 and No. 2(178)|68|BPE(GM) dated 14th April, 1969 and O.M. No. 1(7)|DAP(R)|69 dated 11th March, 1971 (Copies enclosed) wherein the public enterprises were requested to review the existing manpower and the organisational machinery for taking effective steps to reduce surpluses in the light of the recommendations of Committee on Public Undertakings contained in their earlier reports and of Administrative Reforms Commission contained in their report on "Public Sector Undertakings." Various suggestions for working off surplus staff were also outlined in these communications. Some of the public enterprises may have already carried out an objective assessment of the extent of overstaffing and taken measures to work off the surplus staff, in consultation with the representatives of the workers, where necessary. Other enterprises who already have the requisite technical competence such as adequate industrial engineering organisations may now carry out such studies to determine the extent of overstaffing. If however, the enterprises do not have such technical competence, such an assessment could be made through Consultants such as the Institute of Applied Manpower Research, the N.P.C., the NITIE, Indian Institutes of Management, Ahmedabad and Calcutta, Administrative Staff College of India, Hyderabad etc. If any enterprise has any difficulty in selecting a Consultant, it could take the advice of Bureau of Public Enterprises.

3. Once the extent of overstaffing in the various categories of staff such as un-skilled workers, semi-skilled workers, skilled workers, technical supervisory personnel, clerical and other subordinate staff, managerial personnel, etc. is determined, various schemes to work off the surplus staff may be formulated in consultation with representatives of workers wherever possible. Wherever Consultants are engaged to determine the extent of overstaffing, their advice may also be obtained in devising such schemes. In the light of such schemes, a time-bound programme could be chalked out to work off the surplus staff.

4. The Ministry of Petroleum & Chemicals, etc. are requested to bring the recommendation of the Committee on Public Undertakings and the action to be taken thereon to the notice of the public enterprises under their control. As the Bureau of Public Enterprises has been specifically entrusted with the task 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 efforts", each public enterprise may also be requested to furnish the information as per the Annexure so as to reach the Bureau of Public Enterprises by 30th September, 1972. A copy of this O.M. is being sent to Chief Executives of all public enterprises with the request to take necessary action without waiting for formal letters from the Ministries|Departments in administrative control thereof.

Sd.|-  
Y. P. PASSI,  
Director.

To,

*The all Ministries|Departments of Govt. of India.*

Copy forwarded to:—

1. The Chief Executives of Public Enterprises.
2. Heads of Divisions, B.P.E.
3. All Heads of Division in the Deptt. of Expenditure.
4. The Comptroller & Auditor General of India.

#### ANNEXURE

List of points on which information requested from each enterprise regarding surplus personnel

1. Name of the Enterprise.

2. Whether an objective and systematic assessment of the extent of overstaffing already made in terms of BPE O.M. dated 12th September, 1968, 14th April, 1969 and 11th March 1971 (mentioned in the forwarding letter)? If so,

(a) date of commencing and completing the assessment,

(b) whether the assessment was made by your enterprise itself or by a Consultant?

- (c) please state the number, the grades & the technical expertise of the personnel employed by your enterprise/ Consultant for making the assessment.
- (d) the total strength and extent of overstaffing in each of the following categories at the time of such assessment:
- (i) un-skilled workers,
  - (ii) semi-skilled workers,
  - (iii) skilled workers,
  - (iv) clerical & other subordinate staff,
  - (v) technical supervisory personnel,
  - (vi) managerial personnel, and
  - (vii) any other category of personnel not included in (i) to (vi) above,
- (e) details of schemes together with their dates of effect devised to work-off the surplus personnel (whether representatives of workers were consulted in devising schemes for working off (d)—(i) to (iii) above may please also be indicated,
- (f) whether any time bound programme drawn up to work off the entire surplus personnel? If so, details of the programme,
- (g) the extent of surplus personnel work-off in each of the categories mentioned in (d) above by 31st August, 1972,
- (h) difficulties, if any, encountered in executing the schemes devised to work off the surplus personnel.

3. Even if a systematic assessment of the extent of overstaffing has not been made as recommended by the Committee on Public Undertakings, has your enterprise estimated the existence of surplus staff? If so, the details of various schemes adopted by your enterprise to work-off the surplus personnel and whether representatives of workers were consulted, where necessary.

4. If the answer to question 2 above is in the negative, and it is proposed to undertake such an assessment with your own staff, has your enterprise got the technical competence such as availability

of adequate Industrial Engineering Deptt. to conduct an objective assessment of the extent of surplus staff as recommended by Committee on Public Undertakings? If so, please give the following information:—

- (a) A note detailing the organisation chart of such Department and its total strength and the number of staff and officers who will be deployed for making the proposed study; and
- (b) Approximate date by which the objective assessment of the extent of surplus staff in various categories would be completed by your technical division.

5. If your enterprise has not got the technical competence to carry out the objective assessment of the extent of surplus staff as recommended by Committee on Public Undertakings, the alternative arrangements made, such as appointment of a Consultant, may please be indicated. The terms of reference of the Consultant *inter-alia* indicating the date by which such an assessment is required to be completed may please be furnished. Whether the Consultants have also been requested to give their advice for devising various schemes to work off the surplus personnel may also please be indicated.

Note: As and when the public enterprises complete the objective assessment of the extent of surplus personnel as recommended by the Committee on Public Enterprises, they are requested to furnish information as per Question 2, as well.

No. 46|Adv—F|BP|F|68|7

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi,

The 12th November, 1968.

OFFICE MEMORANDUM

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

The Committee on Public Undertakings in its Fifteenth Report have observed as under:



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

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

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

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

Sd/-

P. GOVINDAN NAIR,

*Secy. to the Govt. of India and Director General of Bureau of Public Enterprises.*

No. 1(7)/DAP(R)/69

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

(Production Division)

New Delhi, the 11th March, 1971

## OFFICE MEMORANDUM

**SUBJECT:** 67th Report of the Committee on Public Undertakings (IV Lok Sabha) on Production Management—Recommendation No. 37, para 8.24.

The undersigned is directed to enclose extracts of recommendation No. 37, para 8.24 from the 67th Report of the Committee on Public Undertakings (IV Lok Sabha) on Production Management, together with Government's reply thereto. The Ministries of Industrial Development etc., are requested to instruct the Enterprises and the organisational machinery for taking effective steps to reduce surpluses, in the light of the Committee's recommendations and Government observations, at least over a period (by not filling vacancies when was to occur, by making certain jobs red circle jobs on the basis of scientific studies, by negotiating with unions by offering liberal retirement benefits to induce some people to retire voluntarily, prematurely etc.). Public enterprises may also be advised to ensure that there is no undue escalation in their work force in future Enterprises that are set up in future should be contained from the very beginning to undertake proper scientific studies to determine the work force at a rational level before embarking on a large scale recruitment programme.

A copy of the instructions issued in this matter may be endorsed to the Bureau of Public Enterprises for information.

Sd/- S. JAGANNARAYANAN,

*Under Secretary to the Govt. of India*

To

All Ministries/Departments of Government of India.

No. 2(178)/68|BPE(GM)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, 14th April, 1969.

## OFFICE MEMORANDUM

SUBJECT: *Surplus labour in Public Enterprises.*

It is fairly well-known fact that most public sector enterprises are over-staffed and over-manned. Certain informations were called for quite some time ago by the Bureau of Public Enterprises and, in September 1967, the Bureau's assessment on the basis of the information supplied by the enterprises themselves was that the enterprises were carrying surplus labour to the tune of nearly 1500—this was on the basis of rather liberal standards. With more rigid manning standard, perhaps this number would have been much larger.

2. The Administrative Reforms Commission have also referred to the problem of over-staffing in Public Enterprises. The Commission have observed that there is scope for reducing the staff in many undertakings. Various reasons have been given by the Study Team appointed by the Commission for the general pattern of over-staffing in Public Enterprises. Some of the main reasons are:

- (a) Employment of large number of unskilled labourers as departmental labour during the construction stage;
- (b) absorption of a majority of them at a later stage in the enterprises as a result of pressures;
- (c) not following any scientific system for man-power planning; and
- (d) adopting Government standards for clerical and office work.

The A.R.C. also recommended certain actions to be taken for overcoming the problem of over-manning. These are:

- (1) Proper work standards and other control techniques should be adopted from the very beginning to avoid over-staffing.
- (2) In the undertakings where over-staffing has become chronic work studies should be undertaken by industrial engineers to find out the extent and areas of over-staffing.
- (3) The normal vacancies occurring in the over-staffed departments may be left unfilled; employees who are found surplus may be allowed to freely apply for jobs outside. Skilled workmen could be persuaded with the help of incentives, if necessary, to do without the assistance of helpers; the practice of having helpers should not be allowed in the new project.
- (4) Greater use should be made of the construction corporations in the public sector and non-departmental agencies wherever such a course is feasible."

Government decisions on A.R.C. recommendations have been communicated to the administrative Ministries and it is presumed that they are taking action to implement Government decisions on the subject.

3. The question of over-manning can be divided into two broad heads:

- (i) Over-manning resulting from employment of a large number of workmen during construction as departmental labour and failure/reluctance to part with their services after the construction work is over; and
- (ii) General over-manning in the regular (production) organisations of the enterprises.

4. So far as the first problem is concerned, it has to be borne in mind by our Public Enterprises that it would be physically impossible to carry construction labour on their rolls after such construction labour becomes redundant. However, it is appreciated that there are practical difficulties in dispensing with the services of a very large number of labourers at one time. That is why wherever possible, assistance from regular construction organisations set up by the Government, like the National Projects Construction Corporation, the National Buildings Construction Corporation, the Hindustan Steel Works Construction Ltd., etc., should be asked for by Public Enterprises for construction purposes wherever possible. Even

the C.P.W.D. would now be in a position to materially assist the enterprises in their construction activities. In any case, even where a large number of departmental labour has to be appointed by the enterprise itself, a proper plan for the retrenchment of construction workmen should be worked out as early as possible and negotiations carried out with the labour unions, etc., so that demobilisation of construction labour force can be achieved without serious repercussions.

5. Coming to the question of reduction of surplus staff in the regular organisations of the enterprises, it has been found that some of the enterprises like the Neyveli Lignite Corporation, the National Minerals Development Corporation, etc., have in the past drawn up schemes for voluntary retirement or retirement with ex-gratia payment and that it had been possible for them to reduce their surplus staff to a certain extent through such voluntary retirement schemes. It will be worth while for other undertakings having large surplus staff to emulate the examples of the Neyveli Lignite Corporation, the National Mineral Development Corporation Limited, etc., Even though it may entail some immediate additional expenditure to start with, in the long run such a scheme will save the enterprises considerable amounts of money both by way of salaries and the allowances and by way of hidden subsidies like housing, medical facilities, etc. This step may be taken over and above the other steps which it is presumed are being taken by the enterprises to reduce over-staffing, like stoppage of further recruitment, allowing the wastages to be taken care of by the existing surplus staff etc. Any further information in regard to the voluntary retrenchment schemes already formulated by some of the enterprises may be obtained from the Bureau.

6. Representatives of the Government on the Boards of Directors of Companies may please be asked to keep a watch on the implementation of these decisions of the Government and ensure that the position is periodically reviewed by the Boards of Directors. Ministry of Steel & Heavy Engineering etc., may also please advise the enterprises to keep the Bureau informed of the progress made in the implementation of these measures.

Sd/- P. K. BASU,

*Director, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India

Copy to:—

1. Production Division
2. Adviser (C), Adviser (F), D.S., (I&R), Bureau of Public Enterprises.
3. Heads of Expenditure Divisions in the Department of Expdt. (two spare copies)

Sd/- P. K. BASU

*Director, Bureau of Public Enterprises.*

[Enclosures for the Ministry of Finance (Department of Expdt.)

O.M. No. 2(178)|68—BPE(GM)].

| Rec. No. | Recommendation  | Government decision  |
|----------|---|--|
| 51       | <p>(1) Proper work standards and other control techniques should be adopted from the very beginning to avoid over-staffing.</p> <p>(2) In the undertakings where over-staffing has become chronic, work studies should be undertaken by industrial engineers to find out the extent and area of over-staffing.</p> <p>(3) The normal vacancies occurring in the over-staffed departments may be left unfilled; employees who are found surplus may be allowed to freely apply for jobs outside. Skilled workmen should be persuaded with the help of incentives, if necessary, to do without the assistance of helpers. The practice of having helpers should not be allowed in the new projects.</p> <p>(4) Greater use should be made of the construction corporations in the Public sector and non-departmental agencies wherever such a course is feasible.</p> | <p>51(1) to (4)—These recommendations are accepted. Bureau of Public Enterprises should pay constant attention to the various matters covered by recommendation, and in particular explore the possible fields where the public sector construction Corporations could be usefully utilised.</p> |

## APPENDIX II

(Vide reply to recommendations at Serial No. 7 and 8—Chapter II)

No. 9(100)|71-BPE(GM I)-I

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 24th October, 1972.

OFFICE MEMORANDUM

SUBJECT: *Employment of helpers|Khalasis in Public Enterprises.*

The Administrative Reforms Commission in their Report on "Public Sector Undertakings", while dealing with the problem of over staffing in Public Enterprises, had *inter alia* made certain recommendations, with regard to the practice of helpers in Public Enterprises. The specific recommendation of the A.R.C. in this regard was that skilled workmen should be persuaded with the help of incentives, if necessary, to do without the assistance of helpers; it was also recommended that the practice of having helpers should not be allowed in the new projects. This recommendation of A.R.C. had been accepted by Ministries and Public Enterprises.

In their 17th Report (5th Lok Sabha) on "Personnel Policies and Labour-Management Relations in Public Undertakings", the Parliamentary Committee on Public Undertakings have *inter-alia* made the following two recommendations:

"*Recommendation No. 7.*—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.

*Recommendation No. 8.*—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.”

The Committee's recommendations are considered to be unexceptional while the new enterprises should totally discourage the employment of helpers from the very beginning, the existing undertakings need to create a climate and develop a programme for the progressive elimination of helpers, with the help of incentives if necessary. All efforts should be made, as recommended by the Committee and accepted by the Government to provide training facilities to existing helpers, wherever feasible, to enable them to qualify for semi-skilled jobs. The other point made by the Committee that technical supervisors, etc., in the Plants should set an example by shedding away the helpers may also be kept in view, in order to achieve the overall objective of minimising the number of helpers employed in the Public Sector Undertakings.

Ministry of Industrial Development, etc. may bring the foregoing to the notice of Public Enterprises under their administrative control, who may also be asked to report by 31st December, 1972 to the Bureau, under intimation to the administrative Ministry, the action taken by them in this direction.

Sd/-

S. KRISHNAMOORTHY,

*Under Secretary to the Govt. of India.*

To

All Ministries|Departments of the Government of India.

Copy to:

- (i) The Comptroller and Auditor General of India.
- (ii) Adviser (C)|Adviser (F)|Adviser (P)|Director (I & R)|  
DS(C), Bureau of Public Enterprises.



- (iii) All Heads of Expenditure Division in the Deptt. of Expenditure.
- (iv) Finance Ministry's representatives on the Boards of Public Enterprises.

Sd|-

S. KRISHNAMOORTHY,

*Under Secretary to the Govt. of India.*

## APPENDIX III

(Vide reply to recommendation at Sl. No. 15—Chapter II)  
No. 9(100) | 71-BPE (GM I)-II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 24th October, 1972

### OFFICE MEMORANDUM

**SUBJECT:** *Need for introduction of the system of follow up of recruits in Public Enterprises.*

The Parliamentary Committee on Public Undertakings in their 17th Report (Fifth Lok Sabha) have made the following recommendation *vide* Recommendation No. 15 in the said Report:—

“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.”

It is understood that the practice recommended by the Committee has been already in vogue in some of the more progressive private sector enterprises. It cannot be denied that a properly devised system of “follow up” of recruits taken in by the Public Enterprises during the first few years of their service should enable the organisation to arrive at conclusions about the efficacy of the programmes of recruitment, and training of new recruits, being followed and make constant improvement therein.

Ministry of Industrial Development, etc., may, therefore, bring the above recommendation of the Committee to the notice of the

enterprises under their administrative control, who may also be advised to report to the Bureau, under intimation to the administrative Ministry by 31st December, 1972, on the action taken to implement the same.

Sd|-

S. KRISHNAMOORTHY,  
*Under Secretary to the Govt. of India.*

To

All Ministries/Departments of Government of India.

Copy to:

- (i) The Comptroller and Auditor General of India.
- (ii) Adviser (C)|Adviser (F)|Adviser (P)|Director (I & R)|DS(C), Bureau of Public Enterprises.
- (iii) Heads of Expenditure Divisions in the Deptt. of Expenditure.
- (iv) Finance Ministry's representatives on the Boards of Public Enterprises.

Sd|-

S. KRISHNAMOORTHY,  
*Under Secretary to the Govt. of India.*

## APPENDIX IV

(Vide reply to recommendation of Sl. No. 16—Chapter II)

~~CONFIDENTIAL~~

D.O. No: 3 (20) | 69-BPE (GM)

ADDITIONAL SECRETARY TO THE GOVERNMENT OF INDIA AND DIRECTOR  
GENERAL, BUREAU OF PUBLIC ENTERPRISES MINISTRY OF FINANCE  
NEW DELHI

18th April, 1969.

**SUBJECT:** *Rendering of Confidential Reports on incumbents of top posts in Public Enterprises.*

My dear (all Secretaries concerned with Public Enterprises)

As you are aware, the top posts in Public Enterprises for which Government is the appointing authority—can be the posts of full-time Chairman, full-time Chairman-cum-Managing Director, full-time Managing Director, full-time Functional Directors and General Managers of constituent units. It appears that no uniform procedure has been laid down for writing of Confidential reports on the performance of incumbents of these posts. While in the case of a single unit enterprise, the Confidential Report on the Managing Director/General Manager could be initiated by the part-time or the full-time Chairman as the case may be, the Report should be reviewed by Secretary of the administrative Ministry and seen by the Minister. In the case of multi-unit enterprises, where a number of General Managers work under a Managing Director, the Confidential Reports on the General Managers should be initiated by the Managing Director, reviewed by the part-time or the full-time Chairman and counter-signed by the Secretary of the administrative Ministry before these are seen by the Minister. This will also apply in the case of Confidential Reports of General Managers in the single unit enterprise, the Confidential Report on the Managing Director in addition to the General Manager. Similarly Confidential Reports on full-time Functional Directors should be initiated by the Managing Director, if there is one, and reviewed by the part-time/full-time Chairman and countersigned by the Secretary of the administrative

Ministry before being shown to the Minister in charge. Where there is no Managing Director, the part-time|full-time Chairman would initiate the Confidential Report on the Functional Directors and General Managers. These should be seen by the Secretary of the administrative Ministry as well as by the Minister in charge and countersigned by them.

2. In the case of full-time Chairman or full-time Chairman-cum-Managing Director, the Secretary of the administrative Ministry may initiate the Confidential Report, which should also contain the observations of the Minister in charge.

3. The Confidential Reports in respect of incumbents of top posts in Public Enterprises may also be rendered in duplicate so that the administrative Ministries as well as the cadre authorities could keep one copy each of these Reports for record.

4. While the Confidential Reports would be rendered in the forms prescribed by the cadre authorities in respect of the incumbents of top posts who belong to Government Services, the form of the Confidential Report to be adopted in respect of other incumbents of top posts may be decided by the administrative Ministries and the concerned Chief Executives. A specimen form is enclosed for your consideration.

Yours sincerely,

Sd/- A. N. BANERJI.

ANNUAL CONFIDENTIAL REPORT ON FULL-TIME CHAIRMAN/  
FULL-TIME CHAIRMAN-CUM-MANAGING DIRECTOR|FULL-  
TIME MANAGING DIRECTOR|FULL-TIME FUNCTIONAL  
DIRECTORS|GENERAL MANAGERS OF PUBLIC  
ENTERPRISES.

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CONFIDENTIAL REPORT FOR THE PERIOD ENDING  
31st MARCH . . . . .

1. Name
2. Date of birth.
3. Post held (designation, name of the Company/Department/Ministry).
4. Date from which the post is held.
5. Academic and professional qualifications (If Govt. servant, the name of the Service to which he belongs).
6. General assessment, performance and integrity.

Reporting Officer's name \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_

Station \_\_\_\_\_

Reviewing Officer's Name \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_

Station \_\_\_\_\_

Counter-signature

Name \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_

Station \_\_\_\_\_

*Observations of the Minister.*

**N.B.** In the general assessment, performance and integrity of an incumbent of a top post, mention could be made whether the annual targets set for the enterprise in respect of production, sales, profits have been realised during the period of the Report as well as schemes introduced for management development, incentives, cost reduction, management information reporting and other aspects with a bearing on improve management of Public Enterprises. In the case of an enterprise under construction, special mention could also be made whether detailed time-schedule has been drawn up to complete the construction in the shortest possible time and whether such time-schedules have been adhered to.

## APPENDIX V

(Vide reply to recommendation at Sl. No. 19-Chapter II)

No. 9(100)|71-BPE(GM I)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 25th October, 1972.

### OFFICE MEMORANDUM

**SUBJECT:** *Employment of physically handicapped persons in Public Enterprises.*

The Parliamentary Committee on Public Undertakings (5th Lok Sabha) in their 17th Report on "Personnel Policies and Labour-Management Relations in Public Undertakings" have *inter-alia* made the following recommendation:

"Recommendation No. 19—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".

The above recommendation of the Committee, which has been accepted by Government, is brought to the notice of Public Enterprises for information and necessary action in future. Reference is also invited to this Ministry's O.M. No. 2(186)|69-BPE(GM I) dated the 6th January, 1971, with which a note showing the concessions admissible to physically handicapped persons for employment in Government Ministries|Departments, was forwarded to the enterprises through the administrative Ministries, for suitable adaptation

of the same, keeping in view the special circumstances of the enterprises themselves.

Ministry of Industrial Development, etc., may advise the Public Enterprises under their administrative control to keep the foregoing in view in the matter of recruitment in the respective organisations.

Sd.-

S. KRISHNA MOORTHY,

*Under Secretary to the Government of India.*

To,

All Ministries|Departments of the Government of India.

Copy to:—

- (i) The Comptroller & Auditor General of India.
- (ii) Adviser (C)|Adviser (P)|Adviser (F)|Director (I&R)|  
DS(C), Bureau of Public Enterprises.
- (iii) Heads of Expenditure Divisions in the Department of Expenditure.
- (iv) Finance Ministry's representatives on the Boards of Public Enterprises.
- (v) Chief Executives of Public Enterprises.

Sd.-

S. KRISHNAMOORTHY,

*Under Secretary to the Government of India.*



## APPENDIX VI

(Vide reply to recommendations at S. Nos. 20, 21, 22 and 24—  
Chapter II)

Extracts from the O.M. No. 2(9)/70-BPE(GM I) dated 24-1-70

### MINISTRY OF FINANCE

(BUREAU OF PUBLIC ENTERPRISES)

\* \* \* \* \*

(3) *Management Development & Training*: The appointment of a Senior Management Development Advisory Committee at the Board level to whom problems in the areas of organisational efficiency, management development, training, etc., could be referred for direction and guidance, has been commended to the enterprises. Each enterprise has already been advised to identify a Senior Executive to be in charge of management development and training, who should report direct to the Chief Executive. The need for continuous training at the induction stage followed up by refresher courses for managers of Public Enterprises at various levels cannot be over-emphasised.

## APPENDIX VII

(Vide reply to recommendations at S. Nos. 20, 21, 22 and 24—  
Chapter II)

No. BPE (I & R) F 4 (NCL.2), 70

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(BUREAU OF PUBLIC ENTERPRISES)

New Delhi, dated the 21st March, 1970

### OFFICE MEMORANDUM

**SUBJECT:** *Action taken on the recommendations of the National Commission on Labour—Recommendations No. 23 & 24.*

The undersigned is directed to invite a reference to the Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) letter No. 4(23)/68NCL III dated the 24th January, 1970 (copy enclosed for ready reference) conveying the acceptance by that Ministry of the recommendations referred to therein.

2. Ministry of Steel and Heavy Engineering etc. are already aware that recommendations 50(2) and 50(4) of the Administrative Reforms Commission in their report on public sector undertakings relating to training of managerial personnel, technicians and specialists have been accepted by the Government. In view of the recommendation No. 23 made by the National Commission on Labour on training of workers, they are requested to instruct the undertaking under their administrative control to keep in touch with the State Governments so that necessary action as contemplated in that recommendation may be taken as soon as the State Apprenticeship Adviser is appointed by the State Government as the Authority for registering the training schemes organised by them. The need for implementing recommendation No. 24 of the National Commission on Labour may also be impressed upon the undertakings.

3. The Bureau of Public Enterprises and the Ministry of Labour, Employment and Rehabilitation may be kept informed about the action taken in the matter:

Sd/-  
V. G. KESARY,  
Deputy Director.

## GOVERNMENT OF INDIA

## MINISTRY OF LABOUR, EMPLOYMENT &amp; REHABILITATION

(DEPT. OF LABOUR &amp; EMPLOYMENT)

To

- (1) The Secretary, Employers' Federation of India 148, Mahatma Gandhi Road, Army and Navy Building, Bombay-1.
- (2) The Secretary, All India Organisation of Employers, Federation House, New Delhi.
- (3) The Secretary, All India Manufacturers' Organisation, Co-operative Insurance Building, Sir Pherozshah Mehta Road, Fort, Bombay-1.
- (4) The Secretary, Council of Indian Employers, Federation House, New Delhi.

*Dated; New Delhi, 24th January, 1970.*

**SUBJECT:** *Action on the Recommendations of the National Commission on Labour—Recommendations No. 23 & 24.*

Dear Sir,

I am directed to invite your attention to the following recommendations of the National Commission on Labour dealt with in Chapter 8 of its Report:

***Recommendation No. 23***

“The main burden of training of workers should necessarily fall upon industry. The States should supplement rather than supplant the activities of employers in this matter. It should step in only in such fields and areas where employers cannot undertake training programmes. The State Apprenticeship Adviser should be appointed as the Authority for registering the training schemes organised by employers.”

**Recommendation No. 24**

"Introduction of new machines renders traditional skills obsolete and possibly creates shortages in new ones. Facilities should be provided by the plant authority for retraining of employees. A system of granting study leave to a worker to equip himself for senior levels of responsibility should be introduced, this will facilitate internal promotion and make for better industrial relations."

2. Relevant discussions in the Report on these recommendations are contained in the Appendix.

3. This Ministry accepts the above recommendations of the Commission and commends them to your Organisation. It is also requested that you may kindly impress upon your constituents the need to implement the recommendations in so far as they are concerned and inform this Ministry of the action taken in the matter.

Yours faithfully,  
(Sd.) K. M. TRIPATHI,  
*Deputy Director.*

**APPENDIX**

Extract from the Report of the National Commission on Labour

\* \* \* \*

**CHAPTER 8:—*Training, Induction and Workers' Education*****Assessment:**

8.15. Employers at some centres have urged before us that they experience shortages of workers in skilled occupations. The unions on the other hand consider these shortages as illusory and connected with the conditions of work which an employer offers. The training agencies report that irrespective of conditions of work at least a few shortages result because employers insist on a certain length of experience which is often lacking in persons seeking placement. A vicious circle is brought into being in the sense that unless a person is employed he cannot gain experience and lack of experience inhibits an employer from taking him in. According to us, the remedy is to put these trained personnel as stipendiary apprentices in industries where they can gain experience.

8.16. While the case just described is somewhat simple and involves persons who have yet to get into a job, the more difficult

and certainly more poignant case is of a person who is affected by technological change. Obsolescence of old skills and development of new ones is an imperative of the days we live in. In many cases, because of new machinery coming in and the inability of old hands to man it, problems arise of surplus hands in obsolete skills and shortage of workers in new ones. There should, therefore, be facilities provided by the plant for retraining of employees. But some workers may still be surplus and they should be given training in general trades.

\* \* \* \*

#### *Post-Employment Training:*

8.19. The development of institutional and apprenticeship training facilities during the last 15—20 years has been commendable. The NCTVT is capable of introducing such improvements as are necessary. But workers already employed in factories should also have necessary facilities to improve their skills. We consider that training for improvement of skills is a continuous process and has to pervade throughout the working life. Representatives of employers mentioned to us that adequate facilities for on-the-job training to workers exist in their establishments. Our analysis reveal that the number of establishments which provide for these is small; it is in the interest of employers to train workers to handle their tools and machines properly for increasing the productivity on the unit. Once a worker has been at work for some time, there should be a system of granting him study leave to equip himself for senior levels of responsibility. Only few undertakings provide this facility to workers at present. We feel that this system will help internal promotion and make for better industrial relations. We, therefore, recommend that this practice should be made common in industrial and commercial establishments.

8.20. We also reiterate the recommendation made in the last chapter that units which have large requirements of trained personnel at the lower levels should have a suitable 'tie-up' with the ITIs for lowest levels of skills and with higher institutions of learning for senior positions.

\* \* \* \*

#### *Training Policy and Administration*

8.21. In considering the scope and future development of the training programmes, we feel that the main burden of training workers should necessarily be borne by the industry. In the industrially advanced countries, this is the normal method of making a

worker useful to the establishment. In most European countries, institutional training plays a secondary role. The State should supplement rather than supplant the activities of employers in this matter. It should step in only in such fields and areas where employers cannot undertake training programmes.

\* \* \* \* \*

8.24. It is important that a proper record be kept of all the sources of training of craftsmen and production process workers to avoid imbalances in demand and supply. To ensure such national manpower budgeting, it is necessary that the total number and types of persons being trained at any point of time should be known, and there should a system under which all training schemes of employers in the country should be registered. We, therefore, recommend that the State Apprenticeship Adviser should be appointed the Registering Authority for this purpose in each State.

\* \* \* \* \*

## APPENDIX VIII

(Vide reply to recommendation at Sl. No. 27—Chapter II)

No. 9(1)|72-BPE(IC)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(BUREAU OF PUBLIC ENTERPRISES)

New Delhi, the 26th May, 1972.

### OFFICE MEMORANDUM

**SUBJECT:** *Model Principles to be followed when ordering promotion of industrial workers in public undertakings—Recommendation No. 27 of 17th Report of CPU (Fifth Lok Sabha) on Personnel Policies and Labour-Management Relations in Public Undertakings.*

The Committee on Public Undertakings in their 17th Report on Personnel Policies and Labour-Management Relations in public undertakings have observed that "discontent over promotions has been the primary cause of several work stoppages in undertakings." They have drawn attention to certain model principles governing promotion of industrial workers which were drawn up in 1967 after detailed discussions between representatives of certain selected public sector undertakings and the administrative Ministries concerned including the Ministry of Labour and Employment. The Committee have felt certain that had the promotion procedures been devised by public enterprises accordingly 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.

2. The model principles for promotion of industrial workers were circulated to the Ministries/Departments of Government of India concerned with public sector undertakings *vide* Ministry of Industrial Development and Company Affairs (Deptt. of Industrial Development) O.M. No. Pr. C.14(3)|67, dated the 21st January, 1969

(copy enclosed for ready reference). At the instance of the Parliamentary Committee these Ministries|Departments were again addressed by the Ministry of Industrial Development *vide* their endorsement No. Pr C. 14(3)|67 PEC, dated the 24th March, 1972 requesting them to intimate direct to the Lok Sabha Secretariat the position regarding implementation of the instructions contained in their O.M. dated 21st January, 1969 by the public sector undertakings under their control.

3. The Committee have stressed 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. They have suggested that the workers' representatives should be associated with the implementation of these 'Model Principles' for promotion.

4. Ministry of Petroleum & Chemicals etc., are requested to ascertain the action taken by each of the undertakings under their control, with particular reference to the eleven points mentioned in the Model Principles and forward the same to this Bureau for consolidation and onward transmission to the Parliamentary Committee who desire to be informed of such action in detail. A copy of the promotion procedure for industrial workers in vogue in each enterprise together with a note as to how far it conforms to each of the 'Model Principles' may also please be sent.

5. New undertakings may also be requested to intimate the action proposed to be taken by them for implementing the guidelines contained in the 'Model Principles'.

6. It is requested that action taken by each of the undertakings, as outlined above, may please be intimated to the Bureau by the 30th June, 1972 *at the latest* so that such information could be consolidated and supplied to the Parliamentary Committee within the time limit specified by them in their Report.

(Sd|-)

Y. P. PASSI,  
*Director*

To

All Administrative Ministries|Departments.



Copy to:

Chief Executive of all Public Undertakings with the request to initiate immediate action as indicated above.

Financial Adviser.

Heads of Divisions in BPE.

P.S. to AS&DG.

Comptroller & Auditor General of India.

Sd/-

Y. P. PASSI  
Director.

No. Pr. C.14(3)|67

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY  
AFFAIRS

(DEPARTMENT OF INDUSTRIAL DEV.)

New Delhi, the 21st January, 1969.

OFFICE MEMORANDUM

**SUBJECT:** *Model Principles to be followed when ordering promotion of industrial workers in public sector undertakings.*

Ministry of Labour, Employment and Rehabilitation (Deptt. of Labour & Employment) had evolved Model Principles to be ordered to be followed when ordering promotion of industrial workers in public sector undertakings as embodied in their O.M. No. LWI(I)-31(7)/66, dated the 3rd July, 1967. The Ministry of Industrial Development and Company Affairs (Deptt. of Industrial Development) were under the impression that these Model Principles had been circulated to all the Ministries concerned with public sector undertakings by the Ministry of Labour, Employment and Rehabilitation. It was however recently observed that this has not been so circulated. A copy of the Deptt. of Industrial Development's letter No. 14(3)/67-Pr.C. dated 21-8-67 of which the Ministry of Labour, Employment and Rehabilitation's O.M. referred to above, forms an enclosure is now forwarded for their information and guidance.

Sd/- K. L. TULI

Under Secretary to the Govt. of  
India.

To

The Ministries/Depts. of the Govt. of India  
concerned with public sector undertakings.

COPY OF O.M. No. LWI(I)-31(7)/66 DATED 3RD JULY. 1967  
FROM MINISTRY OF LABOUR, EMPLOYMENT & REHABILITA-  
TION (DEPTT. OF L&E), NEW DELHI TO THE MINISTRY OF  
INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS, NEW  
DELHI.

SUBJECT: *Model Principles to be followed when ordering promotion  
of Industrial workers in Public Sector Undertakings.*

The undersigned is directed to say that at the meeting of the  
Hheads of Public Sector Undertakings held in July 1963 it was decid-  
ed that a Model Promotion Procedure should be drawn up so as to  
minimise the grievances of the workers arising out of the promo-  
tions 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 Ministries of Defence and  
Railways were also addressed and their procedure studied. Perso-  
nal 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 discus-  
sion it was decided that a small sub-Committee comprising represen-  
tatives 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 these  
for which the criteria might be seniority cum-merits, or selection  
or trade tests and to suggest a suitable Model Promotion Procedure  
in the light of the views expressed at the meeting.

3. A sub-Committee comprising the following members was accordingly set up for the purpose in December, 1966:—

1. Shri N. N. Chatterjee, Joint Secretary Ministry of Labour, Employment and Rehabilitation, Deptt. of Labour & Employment.

—Convenor.

2. Shri T. R. Gupta, Chairman, Heavy Engineering Corporation, Ranchi.
3. Shri R. Sinha, Chief (Establishment, recruitment and Industrial Relation), Hindustan Steel Ltd., Ranchi.
4. Shri R. N. Pandey, Director, Damodar Valley Corporation, Anderson House, Calcutta.
5. Shri S. N. Pandey, Deputy General Manager, Bokaro Steel Plant.
6. Shri S. P. Gugnani, Director, Min. of Mines & Metals.
7. Shri G. A. Subrahmaniam, Managing Director, Hindustan Antibiotics Ltd., Poona.

4. 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.

5. One of the members had a suggestion on para 5 of the Model Principles which deals with the eligibility for promotion. He was of the view that it was not necessary to stipulate a minimum of three years experience in the Model Principles. According to him the minimum should be left to be determined by each undertaking. However, the general feeling was that there should be a minimum and where there was any deviation from the minimum, the reasons for such deviation should be recorded in writing. The Estimates Committee had also stressed the need for a qualifying period of three years services for promotion.

6. There was also a difference of opinion in respect of para 10 which deals with the communication of reasons for non-selection. One of the members expressed the view that it would not be correct in principle, to accept a binding obligation to communicate the reasons for non-selection. This, according to the member, would render the judgement of the management in matters of promotion subject to extraneous influences.

It may be observed that the suggestion for communication of the reasons for non-selection does not form part of the Model Principles.

7. A suggestion was made that the provision for permitting a technically qualified representative of a recognised union to be associated as an observer in trade tests may be omitted (para 8 of the Model Principles. This has not been incorporated as it was contrary to the general view.

8. It is requested that the Principles may kindly be circulated to individual public sector undertakings for their guidance.

Sd/- O. P. TALWAR

*Under Secretary.*

**DRAFT MODEL PRINCIPLES TO BE FOLLOWED WHEN  
ORDERING PROMOTION OF INDUSTRIAL WORKERS IN  
PUBLIC SECTOR UNDERTAKINGS.**

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

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

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

3. *Giving publicity to promotion procedure:* The promotion procedure once finalised should be given the widest possible publicity. The procedure and service rules should be printed in the form of a Service Manual. Translations in such regional language or languages as 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.

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

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

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

7. *Merit rating:* There should be 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.

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

9. *Training of workers:* There should be a regular system of selecting potentially good workers for training for higher skills and responsibilities, instead of relying mostly on the open market. (This will ensure loyalty of the worker to the undertakings, discourage his 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).

10. *Communication of reasons for non-selection:*

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

*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.

## APPENDIX IX

(Vide reply to recommendation at Sl. No. 27—Chapter II)

STATEMENT SHOWING RESULTS OF EXAMINATION OF DATA FURNISHED BY UNDERTAKINGS WHO HAVE ADOPTED THE MODEL PRINCIPLES EITHER IN FULL OR HAVE MADE CONSIDERABLE PROGRESS IN THAT DIRECTION.

### *Hindustan Antibiotics Limited*

1. Hindustan Antibiotics Limited have stated that the Recruitment and Promotion Rules of the Company cover not only industrial workers but also posts carrying a pay scale upto Rs. 800—1300. These rules provide for categorisation and classification posts; lay down qualifications, experience requirement, method/node of recruitment, criteria of promotion, submission of appeals, representations, etc. These have been formulated and notified in consultation with the recognised Union. It has also been stated that as and when difficulties arose, amendments had been issued to the promotion procedure after detailed discussions with the Union. In order to give publicity, the rules have been consolidated in the form of a booklet and widely circulated. Posts in the Company have been classified into (a) production (b) engineering (c) scientific (d) administrative (e) medical (f) security, etc., and these have further been classified as promotion posts or to be filled up by direct recruitment. Specific mention has been made that before resorting to recruitment from outside, departmental candidates are first examined for suitability and only thereafter outside recruitment is resorted to. Promotion Committees have been set up for screening candidates. For merit-rating, confidential reports serve the purpose. The rules also provide for training to employees in various outside institutions and agencies.

It is noted that trade posts in the Company are subject to passing the prescribed Trade Test, but the procedure followed is slightly at variance from the Model, i.e., while para 8 of the Model envisages that, in connection with holding of trade test for promotion of workers a representative of the recognised Union, who is technically qualified, should be associated as an observer wherever possible". The Company have stated that they are associating an expert from the Industrial Training Institute, who is called upon to make proper assessment and impartial conducting of trade test along with officers



of the Company. It may be observed that the Company have, by and large, complied with the provisions of Model Principles.

### *Hindustan Insecticides Limited*

2. Hindustan Insecticides Limited have stated that separate promotion rules have been framed for industrial workers at Delhi and Alwaye. These rules, which formed part of the Memoranda of Settlement signed with Employees' Unions at Delhi and Alwaye provide for categorisation and classification of posts, lay down qualifications, experience, method and mode of recruitment and criteria of promotion; provide for constitution of Promotion Committees, System of merit-rating, submission of appeals/representations etc. The Company gives job training to workers to acquire higher skill. Potentially good workers are deputed for training outside the Company. The rules applicable to Alwaye unit have been printed and as regards Delhi unit, the cyclostyled matter is being given for print.

General principles governing promotion stipulated in the Recruitment Rules are:—

- (i) Merit, efficiency and past performance, in the case of technical and non-technical cadres; where maximum of basic pay is above Rs. 350 p.m.
- (ii) Seniority subject to suitability shall ordinarily govern promotion to posts which carry basic pay scale of Rs. 350 p.m. and below; in case any senior person is passed over on grounds of unsuitability, his case shall be taken into consideration again only after an earlier panel formed by the Promotion Committee has lapsed.

A tally of the given information with the set Principles showed that HIL have, by and large complied with the Model Principles.

### *Oil and Natural Gas Commission*

3. Oil & Natural Gas Commission have furnished a statement showing the extent of conformity of Model Principles as applicable to workers in the Commission. A scrutiny of its contents showed that:—

- (i) Government have approved the ONGC Recruitment/Promotion Regulations, 1972, and before finalising the Regulations, Trade Unions were duly consulted and their objections taken into consideration. These Regulations

have been printed in the form of a Hand Book and are to be published in the Gazette.

- (ii) The Regulations provide for categorisation and classification of posts, Promotion Committees, Merit-rating of employees, provision of appeal and representation in case of grievances, etc.
- (iii) Promotion to all posts in the Commission, carrying pay scale less than Rs. 1100—1600 are made on the basis of seniority, subject to fitness. Normally, all class III and IV posts, excepting the lowest category are filled 100 per cent by promotion.
- (iv) On the job training is given to workers, but there is no regular system of training for higher skills.
- (v) Opportunities are given to employees to represent their grievances regarding promotion, etc.

It may be observed that the Commission have complied with the basic requirements of the Model Principles. There is, however, one significant deviation. It is noted that in the Commission there is no regular system of training workers for higher skills. The commission management were addressed to clarify whether they had considered the feasibility of introducing facilities in the Training Centres attached to the Commission for improving the skills of their employees, which are not capable of being acquired through 'on the job training'.

#### *Indian Oil Corporation*

4. Indian Oil Corporation (Marketing Division) have stated that in formulating their promotion policy they took into consideration the "peculiar conditions" which exist in the oil industry as a whole and in their organisation in particular, as also the Model Principles, and that, although they consider promotion as a prerogative of the management, they nevertheless had deliberations with recognised Unions on the promotion policy of workmen, in order to facilitate smooth industrial relations.

The essential features of the promotion policy are that promotions are based on the principle of merit-cum-seniority and, for the purpose, panels are drawn up, based on the deliberations of Departmental Promotion Committee. The workers have been categorised as 'Blue Collar' and 'White Collar'. For unskilled and semi-skilled

workers (Blue Collar), merit-cum-seniority, performance at promotion interview and trade test are the criteria for promotion. In respect of unskilled workers, 4 years' service in a grade is the requirement to claim eligibility. For skilled (Blue Collar) and White Collar workers, there is a merit-cum-seniority Score Card System. This system provides marks for performance as indicated in the Confidential Report rated over a period of 3 years, seniority in a grade, educational qualifications, performance at the interview and, on the basis of marks obtained, a merit order for promotion is drawn. Personal interviews are considered essential in respect of promotions to officers' grade from the highest unionised grade, from non-technical categories to technical categories, etc.

As the promotion policy in vogue in the Marketing Division of IOC appeared to deviate in some respects from the Model Principles, clarifications were sought from the head office of the Corporation who were also requested to expedite the requisite information pertaining to Refineries Division.

#### *National Industrial Development Corporation*

5. National Industrial Development Corporation have furnished a copy of the Recruitment and Promotion Procedure followed in the Corporation from which it is observed that the system provides for categorisation and classification of posts; lays down qualifications, experience, method/mode of recruitment, criteria of promotion, merit-rating, etc., and also provides for constitution of Promotion Committee, Representations from employees are entertained by management in case of grievances, etc. A scheme for training Assistant/Junior Engineers has been introduced.

Clarifications were, however, sought from the Corporation whether the procedure prescribed in para 2 of the Model regarding consultations with workers was followed or whether such a method was considered unsuitable or inapplicable, and what are the categories of workers to whom the Industrial Disputes Act is applicable, as no regular system of training workers for higher skills and responsibilities as envisaged in the Model Principles is available in the Corporation.

#### *Bharat Heavy Plate and Vessels Ltd.*

6. Bharat Heavy Plate & Vessels Limited, have reported that the rules framed in the Company are applicable to Industrial Workers as defined in the Industrial Disputes Act, as also other categories of

employees not covered by the Act. The subject matter of promotion, including points such as categorisation and classifications of posts etc., is discussed periodically by the recognised Union with the management. The Company propose to bring out a Service Manual incorporating service rules and procedures. Posts have been classified, prescribing qualification, etc. The prescribe minimum qualification is under review in consultation with recognised Union. Minimum service requirement to claim eligibility for promotion is 2 years as promotion is based on trade tests in the case of skilled employees. Promotion Committee as required in the Model are stated as available. A system of merit-rating has been introduced The criteria evolved for promotion are that persons who are fit for various posts are promoted on the basis of seniority, unless disqualified on disciplinary grounds or nonfulfilment of minimum standards. In case of jobs requiring higher skills, promotion is based on trade tests and the Company propose to associate, in such tests, a representative of the recognised Union as an observer. Workers are given training for higher skills. Communication of reasons for non-selection is done verbally, when the individuals ask for the same and written representations regarding promotion matters are received and dealt with.

It appears that the promotion procedure followed in the Company, by and large, conforms to the Model Principles.

#### *Modern Bakeries (India) Limited*

7. Modern Bakeries (India) Limited, have stated that the Model Principles have been kept in view while framing promotion policy. An examination of contents of a booklet titled "Staff Regulations (Sections 1 to 4)" furnished by the Company shows that posts have been categorised as I to IV according to pay structure ranging from Rs. 700 and above to 'less than Rs. 110|-' ; a minimum period of 5 years' service in case of I and II posts and 3 years' in respect of III and IV posts (in the grade immediately below) must be completed before an employee can be considered for promotion to next higher grade, but this rule is relaxable by the appointing authority on the recommendations of Promotion Committees; the percentage of vacancies to be filled by promotion is 50 per cent for posts in Categories I to III and 75 per cent for Category IV; all posts in Categories I and II shall be considered as selection posts, where the selection is based on merit and seniority, and promotion to posts in the remaining two categories will ordinarily be made on the basis of seniority, subject to rejection of unfit. To assess fitness of all categories of employees, 4 different Promotion Committees are available.

The promotion procedure evolved does not show that it is preceded by consultation with employees' union/service association; nor it provides for categorisation/classification, merit rating, training workers for higher skills, appeal or representation, etc., as envisaged in the Model. However, the Company have specifically stated that they are in the process of formulating a comprehensive policy for all categories and meanwhile the guidelines in the Model are being implemented. Progress in regard to the matter would be ascertained in due course.

*Lubrizol India Limited*

8. Lubrizol India Limited, have stated that they agree with the Model Principles and are already observing the same. The Company do not have any Union at present, but have classified and categorised all posts on the basis of qualifications and experience. A personnel management manual is available, which gives guidelines for promotion. A promotion committee consisting of Managing Director, Departmental Head and Personnel Officer has been set up. For eligibility of promotion, merit-cum-seniority is the criterion and a system of merit-rating for all categories of staff is in vogue. In-plant training as well as training outside is arranged. The management entertain representations against grievances relating to promotion and, as regards communication of reasons for non-selection the management normally inform the concerned person verbally.

On the basis of given information, the Company were asked to clarify/confirm:—

- (a) Whether before evolving the present promotion policy, consultation with workers in general have been held;
- (b) whether any percentages for promotion or for direct recruitment have been laid down;
- (c) whether for lower category of posts, the basis as suggested in the Model has been adopted; if not whether they would consider adopting the Model.

*National Newsprint and Paper Mills Ltd.*

9. National Newsprint & Paper Mills Limited, have stated that they have evolved a promotion policy of their own, which has been fully endorsed by Representative Union. The Company claimed that the policy is almost identical to Model Principles and this is being implemented satisfactorily.

An examination of the contents of Promotion Policy has, however, shown deviations from the Model, relevant to Para 3, 4, 7, 8, 9 and 11 of the Model. The Company management have been requested to consider those points and to furnish a note indicating the extent of conformity of the present procedure with each of the Model Principles.

*Electronics Corporation of India Ltd.*

10. Electronics Corporation of India Ltd., have stated that the promotion procedure in the Corporation corresponds to the Model Principles. The procedure has been finalised in consultation with the Employees' Union Posts have been classified according to the nature of duties, prescribing minimum period of service to claim eligibility for promotion. Promotion are based on the job performance and by testing skill for higher jobs on the norms prescribed either by interview or by holding of independent trade tests or by any other method. Eleven different selection committees have been established. Criteria evolved for merit rating conform to the governing factors in the relevant model principle. A training scheme is in operation and supervisory development courses have been introduced. Workers who are not selected for promotion by the Departmental Promotion Committee are informed of the same in writing, Such workers as are not selected for promotion can represent their grievance before a 'Grievance Committee', which is represented by the nominees of the Managing Director and the elected members of the workers|nominees of the recognised Union, as the case may be. The aggrieved worker has also got a right to appeal to the General Manager in case he is not satisfied with the decision of the Grievance Committee. The unanimous decisions of the Committee are binding on the management.

It may be observed that Electronics Corporation have by and large complied with the basic requirements of Model Principles. They have, however, been advised to compile a Service Manual.

*Triveni Structurals Limited*

11. Triveni Structurals Limited, have furnished a statement showing how far the promotion procedure in vogue in the enterprise conforms to each of the Model Principles. Along with this statement, a copy of the Recruitment and Promotion Rules of the Company has been received. An examination of the given information showed that posts in the Company have been classified as 'Executive' and 'non-Executive', carrying pay scales of Rs. 450—950

and above and 440—759 and below, respectively. No further classifications according to trades have been made. The Rules (which are to be printed) prescribe conditions of minimum qualifications and experience. Percentages of vacancies to be filled by promotion and direct recruitment for executive and non-executive posts are 25 percent promotion and 75 percent direct recruitment, in respect of each category. Minimum qualifying service to claim eligibility for promotion is 3 years' and 2 years in respect of both the categories of posts respectively. The Company do not hold any qualifying tests, but Departmental Promotion Committees have discretion to decide their own procedure for assessment of eligible candidates. A system of merit-rating is available. Merit, efficiency and past performance in regard to Executive posts and Seniority, subject to suitability and rejection of unfit in regard to non-Executive posts, serve as criteria for promotion. In regard to grievances of employees relating to non-promotion, the procedure is that within a stipulated time, the aggrieved employee can appeal to competent authority, whose decision communicated to the concerned employee, is final.

It is observed that the Company have simply noted the provisions contained in the Model Principles in regard to (a) Consultation with the Union and (b) Training for Workers. One of the essential requirements in the Model Principles is that the promotion procedure formulated in an enterprise should be preceded by the fullest possible consultations with the recognised Trade Union, or Service Association, or in absence with all categories of workers in general. In other words, the promotion procedure should be evolved after deliberations with workers. It appears that this essential requirement has not been met. Secondly, the Model also envisages that there should be a regular system of selection potentially good workers for training for higher skills and responsibilities. Such a system, it appears, is yet to be built up. Clarifications have been sought from the Company as to what further action is contemplated.

#### *Madras Refineries Limited*

12. Madras Refineries Limited have forwarded copies of (i) Promotion Policy for non-supervisory employees in vogue and (ii) a booklet containing 'Standing Orders for Workmen'. They also sent a statement showing how far the promotion policy conforms to the eleven points mentioned in the Model Principles.

An analysis of the given information showed that the promotion policy had been evolved after due deliberations with workers' Union.

This policy forms part of a settlement arrived at with the recognised Union in December, 1970. Posts in the Company have been classified as 'Supervisory' and 'non-Supervisory'. Basic pay scales and job titles in regard to workmen also form part of the Memorandum of Settlement, (a printed copy of which was stated to have been given to each employee). The policy of the Company is to make promotions from within the organisation, subject to suitability of employees as judged by the Company, and recruitment from outside is resorted to only in case of non-availability of persons within the enterprise, or where the employees cannot be trained to meet the requirements. It has been spelt out that the eligibility for promotion is based on "the over-all demonstrated ability and performance on the job, potential for advancement and ability to take additional responsibilities". Such promotions are made on the recommendations of a promotion committee. A system of regular annual appraisal has been instituted for merit rating.

The criteria adopted for promotion are merit; past academic qualifications, experience, seniority and other relevant factors are considered, subject to merit. The methods followed are interviews, tests and other selection procedures. Workers are given 'on the job training' for higher skills and responsibilities. The procedure followed in regard to communication of reasons for non-selection is that the supervisor concerned discusses the appraisal with the employee so that the latter could endeavour to rectify the defects or deficiencies. Verbal/written representations from individual workmen or Union relating to promotion matters are entertained and dealt with. Grievance procedure incorporated in the 'Standing Orders for Workmen' provides for a three tier system for dealing with grievances, stipulating time limit at each stage for disposal by management.

Clarifications have, however, been sought from the Company regarding (i) applicability of the Promotion Procedure to temporary employees, as the promotion policy showed that it covers only permanent employees, (ii) the desirability of fixing either a minimum period of experience in a grade; or alternatively to institute a qualifying test for the employees for promotion to a higher grade or post (iii) the value that is attached by management in considering promotability of a person belonging to the non-supervisory category who is also fit for promotion. Reply received from the Company indicates that:—

- (i) In regard to applicability of Model Principles to temporary employees, as a matter of policy MRL do not employ temporary employees, and a few persons (numbering 17)



at present employed in the organisation are retired/superannuated police personnel working on an *ad hoc* basis pending finalisation of stationing of Industrial Security Force.

- (ii) On the point whether the Company would not regard it desirable either to fix a minimum period of experience in a grade; or, alternatively, to institute a qualifying test, it has been stated that the relevant principle (para 5 of the Model) was considered and that the very nature of industry and the fact of being a new organisation tend them to hold that the existing provisions, (*viz.*, interview, test and other selections procedures to ascertain suitability of persons) are adequate.
- (iii) As regards the point what value is given to seniority in regard to promotion of persons in non-supervisory category, it has been pointed out that the promotion policy has been the subject matter of settlement with the recognised Union, which spells out merit as the basic consideration; and only when other things are equal, seniority is considered for promotion.

On the basis of information furnished, it is considered that Madras Refineries Limited have, by and large, complied with the Model Principles.

#### *Indian Rare Earths Limited*

13. Indian Rare Earths Limited have stated that they are having discussions with the unions on the draft promotion rules for the last six months and are expected to arrive at a settlement, whereafter publicity would be given. The draft promotion procedure provides for classification of posts, prescribing minimum qualifications and experience, lays down criteria and eligibility for promotion (3 years service in a grade or subject to passing a qualifying test); it also provides for Promotion Committees, merit rating, training of workers in higher skills and a grievance procedure.

It may be observed that the company have taken into account the Model Principles while framing the promotion procedure. They are holding consultations with the Unions to arrive at a settlement in regard to the draft promotion rules. Further progress in the matter would be ascertained from the Company.

*Cement Corporation of India Limited*

14. Cement Corporation have forwarded a copy each of their proposed (i) Recruitment and (ii) Promotion & Seniority Rules. It has been stated that these Rules, drafted mainly on the basis of Model Principles, have been placed before the Board of Directors for approval and that, while in regard to the Recruitment rules, opinion of the recognised Union has been obtained, the Promotion and Seniority Rules are being referred to the recognised Trade Union for comments.

(2) The Corporation's promotion rules have been examined with reference to the 11 points contained in the Model Principles. It is observed that posts in the Company have been classified as 'Selection' and 'non Selection' categories. Selection posts are to be filled by merit on the recommendation of Departmental Promotion Committees. No employee shall be considered eligible for promotion to the next higher grade unless he has rendered at least 2 years' service. Trade tests are conducted for promotion of semi-skilled artisans and basic tradesmen, to the skilled grades. Fifty per cent vacancies in skilled grades are recruited from outside and 50 per cent open for promotion of semi-skilled artisans/basic tradesmen. In respect of the lowest category, 25 per cent vacancies in the next higher grade are ear-marked for promotion, subject to passing written test/oral test and also provided at least 5 years' service is put in a grade. An employee who is aggrieved by an order of promotion on the ground that he is superseded may appear or present his case to the competent authority through proper channel within 30 days of the issue of orders and his case would then be examined and reported to Managing Director for consideration.

(3) It is noted that the Promotion & Seniority Rules have been placed before the Board of Directors and are also being referred to the recognised Trade Union for comments.

There are some points of variances from the Model. Neither a system of merit rating nor training of workers as envisaged in Sl. Nos. 7 & 9 is noticeable. The grievance procedure only show that within any 30 days of the issue of order affecting one's promotion, the aggrieved employee can represent his case, but it is not clear if the representation is disposed off within any stated time, as contemplated under Sl. No. 11 of the Model.

The above points have been brought to the notice of the Company with a request to give effect to the Model Principles, on the lines desired by the Committee on Public Undertakings.

*Garden Reach Workshops Limited*

15. Garden Reach Workshops Limited have furnished a statement showing the extent of conformity of the promotion procedure in vogue in the Company to the Model Principles. They have also furnished a copy of Managing Director's order dated 12th August, 1966, which indicates the procedure to be followed in matters of promotion of workmen. An examination of the reply shows the following features:

- (i) Posts in the Company have been classified according to trades.
- (ii) In the matter of filling up vacancies in the higher grades, workmen in the lower grades are considered and, only if suitable persons are not available within, recruitment is resorted to.
- (iii) For promotion of persons from lower to higher grade, trade test and suitability serve as basis. In case of promotion to certain categories Seniority-cum-merit serves as the criterion. Even though no minimum length of service in a grade is prescribed, in practice only persons who rendered much longer period of service (more than 3 years) have been selected for promotion. For the purpose of selection, a promotion Committee is available.
- (iv) Workmen are given on the job training. A scheme for training of unskilled/semi-skilled workers in skilled trades has been prepared and referred to Workers' representatives for consideration (It has been stated that there has not been any response from them "as yet").
- (v) Reasons for non-selection of persons are communicated orally by the Heads of Department.
- (vi) Representations from individual workers of unions relating to promotion matters are freely entertained, examined and the results are informed orally.

(2) The Company have stated that the promotion procedure had been discussed several times with the workers' union, while dealing

with disputes on promotion cases, and the union did not raise serious objection about the procedure excepting that they wanted to have one representative in the Promotion Committees, which was not accepted by the management.

It may be observed that the Company have by and large complied with the Model Principles. The management were however requested to compile a Service Manual (setting out the criteria, incorporating procedure and forms of promotion etc.).

*Indian Drugs and Pharmaceuticals Limited*

16. IDPL have stated that the Company's promotion policy has been formulated on the basis of Model Principles. While the workers' Union at the Company's Surgical Unit (Madras) has agreed to the promotion policy the unions at 2 other units, viz., Synthetic Drugs Plant, Hyderabad and Antibiotics Plant, Rishikesh, have raised objection to the criteria of promotion. The main point of contention is whether seniority or merit should govern promotion. The workers' unions insist that seniority alone should be the consideration. On the other hand, the management hold a view that drug manufacture is a fast developing industry requiring higher skills and knowledge on the part of employees, who are, therefore to be put to a trade or qualifying test before promotion. However, the management have stated that efforts are being made to persuade the workers at Rishikesh and Hyderabad Units to fall in line with their colleagues at Surgical Plant and, in the meanwhile the principles are broadly followed in those 2 units.

*Bharat Gold Mines Pvt. Limited*

17. Bharat Gold Mines (P) Ltd. have stated that a procedure for the promotion of workmen based on the Model Principles has been formulated in consultation with the recognised unions and finalised for adoption. It has been stated that the promotion procedure would be brought into force shortly, after which publicity would be given through the Company's monthly News Bulletin.

(2) An examination of Promotion Procedure, a copy of which has been received in the Bureau, shows the following features:

- (i) Normally all vacancies occurring, except those like operators and foremen, would be filled by promotion.

- (ii) Minimum qualification/experience required to fill up promotional posts are to be specified (Information in this regard is being compiled within the enterprise). Either the minimum qualification or the minimum experience may, however, be relaxed with the prior approval of the Chairman-cum-Managing Director.
- (iii) Posts have been categorised as 'Selection posts' and those which can be filled up on the basis of seniority, subject to fitness.
- (iv) Promotion Committees shall be constituted and recommendations of the Committee in each case shall be subject to confirmation by the appropriate appointing authority.
- (v) In case a workman, who is normally due for promotion is not selected, he is advised of the reasons therefor, if desired by him.
- (vi) Representations received from the workmen relating to promotion matters are to be examined and replied within a fortnight.

(3) From the details given above, it may be observed that Bharat Gold Mines (P) Ltd. have made substantial progress in the matter of adoption of Model Principles. An enquiry has however, been made from the Company whether the Promotion Procedure has since been given effect. The Company were also advised to compile a Service Manual and introduce a system of training workers for higher skills etc.

#### *Central Warehousing Corporation*

18. Central Warehousing Corporation have furnished information on the extent of conformity of their promotion procedure to the Model Principles. It has been stated that "Instructions in the matter of recruitment of Classes I to IV employees" have been compiled in the Corporation on the basis of model recruitment rules of Government and various public undertakings. These provide for classification and categorisation of posts, percentages of posts to be filled up by promotion, etc. Specific mention has been made that at the time when these 'Instructions' were framed, no Union Association was in existence and therefore the question of consultation did not arise:

Other points made in the reply are:—

- (i) The 'Instructions' were circulated to all warehouses and certain amendments in regard to this matter are under consideration.
- (ii) Promotion Committees for different categories of employees have been set up.
- (iii) In lower categories, the criterion for promotion is seniority-cum-fitness. For higher categories, the promotion is based on the principle of seniority-cum-merit.
- (iv) A system of merit rating, based on confidential reports and personal records of the official concerned, is available.
- (v) Employees of the Corporation are sent for training courses outside, or imparted training within.
- (vi) Representations from employees relating to non-promotion are considered by the management.

(2) From the details given in the reply, it appears that the Central Warehousing Corporation have to a large extent complied with the Model Principles.

*Machine Tool Corporation of India Ltd.*

19. Machine Tool Corporation of India Limited have furnished a copy of "Guidelines for Promotion Policy" and a statement showing how far the promotion procedure in vogue in the enterprise conforms to the Model Principles. An examination of the reply shows the position as noted below.

(2) The promotion policy of the Company is applicable to all categories of employees. Before finalising the policy, the matter was discussed with the recognised Union and there had been clear agreement. The promotion procedure was given wide publicity. It provides for (i) categorisation and classification of posts, prescribing qualifications and experience (ii) method and mode of recruitment, (iii) Promotion Committees, and (iv) merit rating, (based on factors, such as conduct, loyalty, punctuality, efficiency, leadership, etc.) Normally vacancies are filled by promotion and direct recruitment is resorted to only if suitable candidates are not available within the company. To claim eligibility for promotion 2-1/2 years' service in a grade, after confirmation, is the requirement relaxable in case of specially meritorious candidates. The criteria applied are the same as envisaged in the Model Principles, i.e., in the lower categories,

promotion is based on seniority, subject to fitness and in other categories, by trade test, interview, etc. At every level promotion is based on the recommendations of Promotion Committee.

In case of grievances relating to promotion, representations are freely entertained. There are channels for making such representations: first at the departmental head level; then the Chief Executive level and finally the Board.

(3) It may be observed that the company have, by and large complied with the provisions of Model Principles. There are however two points on which the procedure deviates from the Model. These are:

- (i) The company have not compiled a Service Manual.
- (ii) There is no system of training workers for higher skills and responsibilities.

Both the points have been taken up with the company management for compliance.

*Indian Telephone Industries Ltd.*

20. Indian Telephone Industries Ltd., have furnished a copy of promotion procedure and a statement showing the extent of its conformity to the Model Principles. The salient points made in the reply are as follows:—

- (i) Employees' Union has been consulted while framing the promotion procedure and their views are also being ascertained for any amendments thereto.
- (ii) Posts have been classified prescribing qualifications and experience.
- (iii) For promotion of persons from one grade to another, a minimum period of 2 years' has been prescribed. If no suitable person is available from the eligible candidates, the post is advertised and selection made.
- (iv) Four promotion committees are available.
- (v) A system of merit rating is in vogue, which provides for confidential and descriptive rolls in respect of employees.
- (vi) Generally all promotions are based on seniority-cum-fitness. Qualifying tests for certain posts with percentage reservations also serve as criteria.

- (vii) For imparting training to workers and supervisors, a well-equipped Training Centre and suitable facilities are available.
- (viii) In regard to non-selection of persons adverse entries in the confidential and descriptive rolls are communicated to individual concerned.
- (ix) Representations from individual workers or groups are entertained and dealt with according to procedure laid down for the purpose.

(2) From the details given above, it may be taken that ITI have by and large, followed the Model Principles in evolving the promotion procedure for their employees. It is, however, noted that the company have not compiled Service Manual, as envisaged in Sl. No. 3 of the Model. This point has been taken up with the Company Management.

#### *Air India*

21. Air India have stated that their promotion procedure is applicable to all categories of employees, i.e., officers, supervisory staff technical staff and 'industrial workers'. In their opinion, the procedure evolved is satisfactory, both from the point of view of management, as well as the employees and, on the whole, it satisfies the Model Principles. A perusal of the contents of the reply shows the following position:

- (i) The Corporation held consultations with the recognised Unions/Associations before finalising the promotion procedure.
- (ii) Wide publicity has been given to the procedure.
- (iii) Posts have been classified, but the question of prescribing minimum qualifications, and experience had not arisen, as promotions are not based on these factors. In the case of lowest level of officers, 60 per cent vacancies are filled up by promotion and direct recruitment is resorted to only in regard to 40 per cent. Vacancies in higher grade are normally filled up by promotion.
- (iv) Promotions are made on the recommendations of Promotion Committees.



- (v). For merit rating purpose, a system of annual appraisal is available.
- (vi) Three broad principles serve as criteria for promotion, viz., Seniority subject to rejection of unfit applicable in respect of the lowest categories; Merit combined with seniority for middle level posts; and merit alone being the consideration for higher categories of posts.
- (vii) Training Programmes are available for certain employees, (e.g., special classes conducted for Cleaners). All have not thought it fit to introduce a regular system of training, as, in their opinion, it would not be in the interest of workers since it might smack of favouring some 'who could eventually have an edge over those who have not been trained' resulting in a feeling of resentment amongst those not sent for training.
- (viii) Employees generally have an opportunity to know reasons for supersession from the supervisory staff or sectional heads.
- (ix) Representations from employees are freely entertained. Grievance Procedure for seeking redress of any individual grievance is also available.

(2) From the given information, it may be held that Air India have by and large adopted the Model Principles.

*Praga Tools Ltd.*

22. Praga Tools Ltd. have furnished a statement showing the extent of conformity of the Company's promotion procedure to the Model Principles. An examination of its contents shows that promotion rules drawn up and approved by the Board, had been discussed with the recognised Union. The promotion procedure provides for categorisation and classification of posts; lays down eligibility requirement i.e., trade test for workmen and 3 years' service in a grade for other staff; prescribes criteria for promotion, namely, trade test for workmen. Whereafter seniority forms the basis for promotion and for ministerial/supervisory staff, merit-cum-seniority serves the purpose provides for Promotion Committee for employees other than workmen; merit rating; on the job Training to workers and outside training to others; and a grievance procedure

for dealing with representations relating to non-promotion, etc. In the Company, outside recruitment is resorted to only when there is no talent available within the organisation to fill up the vacancies. The Company propose to bring out a Service Manual.

(2) On the basis of given information, we can take a view that Praga Tools, have, by and large, complied with the provisions of Model Principles.

*Bharat Aluminium Company Ltd.*

23. BALCO have forwarded extracts of their Recruitment & Promotion Rules, and a copy of Interim Promotion Policy circular, and claim that the promotion principles embodied there in are basically the same as contained in the Model Principles. They have stated that during construction phase of the projects, (such as theirs) when employees with indetical qualifications and experience are spread over different departments, and the composition/sizes of different grades remain fluid, it is not possible to lay down precise promotion quotas, lines of promotion etc. They have, however, pointed out that after the plants are commissioned and those go into operation, such quotas and lines of promotion would be prescribed, in consultation with Trade Union representatives; thereafter the promotion policy would be framed keeping in view the Model Principles.

(2) An examination of the letter and its enclosures also shows that the promotion policy of the company is tentative. It broadly sets out the principles that should govern the company's recruitment and promotion matters. The salient points regarding promotion, as noted, are:—

- (i) Vacancies shall be filled by promotion, if suitable candidates are available within the organisation; the remaining vacancies, if any, are to be filled by outside recruitment.
- (ii) Two years' service in a particular grade is the eligibility requirement for promotion.
- (iii) Promotion in lower grades, which do not involve supervisory functions will be on the basis of seniority subject to fitness, while merit is the consideration for supervisory and officer cadres, which are treated as selection posts.

(iv) Promotions are on the basis of appraisal by Departmental Promotion Committees.

(v) An aggrieved employee can represent his case to the competent authority.

(3) It may be observed that in the opinion of the Company a firm promotion policy can be laid down only after the construction phase of the project is over and the plants are commissioned; the Model Principles would then be kept in view by them. It may be noted in this connection that of the two units under BALCO, one (Kobra), is expected to be commissioned in 1972 and the other (Koyna) is still in pre-construction phase.

#### *Hindustan Teleprinters Ltd.*

24. Hindustan Teleprinters Ltd., have forwarded copies each of promotion procedure Grievance Procedure, Job Evaluation brochure, Confidential Report specimen, as also a Note showing conformity of the promotion procedure to the Model Principles and minutes of meeting held with workers' representatives on the 23rd May, 1969. It has been stated that the principles envisaged in the Model have been incorporated in the Company's promotion procedure, sent as draft to the Union for comments on 7th February, 1969, but this has been rejected by the Workers' Union on the grounds that (a) promotion should be purely on the basis of seniority (b) there should be no selection committee; (c) recruitment should only be at the lowest un-skilled level; (d) there should be no probation period; and (e) the minimum service period of 3 years prescribed as a condition of eligibility for promotion is unacceptable. The management explored the possibility of arriving at an agreement but the workers' representative reiterated their opposition to the policy of promotions by selection committee, instead of by seniority. In the absence of agreement with the Union, the management are, however, following the procedure as formulated by them, and this is stated to be generally in consonance with the Model Principles.

(2) An examination of the letter and its enclosures shows the following features:—

- (i) A list of key jobs has been compiled for the purpose of job evaluation, which is termed as a systematic appraisal of each job in an organisation to determine its comparative value. The factors, such as 'Educational experience, mental skill, physical skill, mental effort, responsibility surroundings, unavoidable hazards and fatigue serve as

basis for defining the job content and evaluation. For the purpose of rating, each factor is assigned certain points (A detailed description of the method adopted in the company is given in the brochure titled 'job Evaluation').

- (ii) A minimum period of service of 3 years' in a grade has been prescribed to claim eligibility for promotion to the next higher grade. In exceptional cases, the minimum period may be relaxed at the discretion of Promotion Committee/management.
- (iii) All promotions will be by selection by Promotion Committee.
- (iv) Representation of employees in regard to non-selection are entertained; a Grievance Procedure has been prescribed in the Company.

(3) It may be observed that the basic provisions in the Model Principles have been met by the Company management.

#### *National Coal Development Corporation*

25. NCDC Ltd., have reported that the promotion procedure of the company is long in vogue. It provides for categorisation and classification of posts on the basis of job description. Minimum qualifications and experience (3 years' in a grade) per centage of posts to be filled by promotion of departmental candidates, merit rating and trade tests for all skilled jobs etc. are prescribed. Departmental Promotion Committees have been set up for promotion of eligible persons. Written representations from individual workers or unions relating to promotion matters are entertained by the management. The affected worker or his Trade Union, representative is usually informed orally of the reasons for non-selection. The Corporation are in favour of introducing a regular system of selecting potentially good workers for higher skills.

NCDC have stated that they consider that association of representative of the recognised Union as an observer while holding trade test will be an hinderance, rather than help, due to multiplicity of Unions of rival character in the organisation.

It may be observed that the promotion procedure of the company conforms to the Model Principles in some respects. The varia-

tions noticed are principally in matters such as consultations with workmen and giving publicity to promotion procedure in the form of Service Manual. Clarifications have been sought from the company whether—

- (i) in regard to consultations with workers, the procedure set out in para 2 of the Model principles has been generally followed; if not to give reasons therefor; and
- (ii) a Service Manual (setting out the criteria, incorporating forms and procedure of selection/promotion) is proposed to be compiled, if not consider doing so and furnish a copy thereof to the Bureau in due course.

*National Projects Construction Corpn. Ltd.*

26. NPCC, have furnished a copy each of (i) promotion rules (ii) statement showing the extent of conformity of the promotion procedure to the Model Principles and (iii) Grievance Procedure in vogue in the Corporation. They have stated that they are contracting agency employing three types of labour-regular work-charged and muster-roll. Regular workmen are employed in supervisory and routine office work. Work-charged men are of specialised skill, whose monthly wages are charged to the work on which they are employed. Muster-roll workers are casual one, whose employment is on daily wages. Both the work-charged and muster-roll workmen are employed till the work on which they are engaged lasts. The promotion rules of the Corporation which are in vogue are applicable to the regular and work-charged staff and not to casual labour.

(2) An examination of the Promotion Rules and the statement showing the extent of conformity of the promotion procedure to the Model Principles, shows the following features:—

- (i) The promotion rules were framed when there was no Association or union. These rules are, however, under examination for further improvements. The Corporation have a system of periodical meetings between the unit management and the Unions in the field where all matters relating to service conditions are discussed and settled. Service conditions of workmen borne on regular cadre have been drafted and circulated to staff Association for comments, whereafter these would be finalised.

- (ii) All posts of regular and work-charged categories have been classified and categorised prescribing minimum qualification, and experience, as also job specifications.
- (iii) For promotion of regular workers, 3 years' experience has been kept as the minimum period, to be reduced to 2 years' in special cases. In regard to work-charged staff, even though no eligibility period has been prescribed, recourse is taken to promote workmen from the lower grade to higher grade.
- (iv) Promotion Committees have been set up. The criteria for promotion are merit-cum-seniority applied in respect of selection posts and seniority serving as basis for non-selection posts.
- (v) Being a contracting agency, only field and on the job training is given and personnel so trained are picked up for promotion. The Corporation also sponsor workmen for training under various educational and other training schemes.
- (vi) Workmen who are affected in promotion matters are orally informed of reasons for non-selection on receipt of representations.
- (vii) The Corporation have a Grievance Procedure, which allows workmen to raise any type of grievance, including non-selection in promotion matters.

(3) From the information furnished, it appears that NPCC have, by and large, complied with the Model Principles. The Corporation have, however, been requested to compile a Service Manual and forward a copy thereof to the Bureau in due course.

*Bharat Electronics Ltd.*

27. BEL have forwarded a copy of their recruitment and promotion procedure and a statement showing how the procedure conforms to the 11 points in the Model Principles. They have specifically stated that their promotion policy has the concurrence of recognised Union in the company and that the existing procedure, by and large, conforms to the Model Principles.

**(2) An examination of the reply shows that—**

- (i) the promotion policy applies to all non-executive employees;
- (ii) the promotion procedure was finalised after consultations with recognised Trade Union;
- (iii) the procedure was given publicity by circulating it throughout the factory; putting it on Notice Board and incorporating it in the 'Administrative Manual' of the Company;
- (iv) posts have been classified and job specifications laid down; all posts in each category, except at the entry points, are filled normally only through promotion;
- (v) for promotion purposes, the prescribed minimum period of service in a lower grade is 2 years;
- (vi) the promotions are based on the recommendations of select committees;
- (vii) a system of merit rating is in vogue.
- (viii) for lower categories of posts, 25 per cent vacancies are to be filled on the basis of seniority-cum-fitness; all other promotions are based on seniority-cum-merit; the method followed is holding Trade Tests/and or interview. (A number of trade test panels have been constituted in the Company);
- (ix) a career development programme forms an integral part of the promotion scheme; employees with good potential are sent to various courses to enable them to acquire higher skills and responsibilities.
- (x) in case of non-selection, the aggrieved employee is advised of the reasons by the Sectional Head and asked to improve; and
- (xi) a Grievance Procedure has been prescribed which sets out time limit for disposal of the grievances; written representations from employees or recognised Unions are received and dealt with.

It is, however, observed that there are a few points of variance from the Model Principles. Firstly, para 8 of the Model Principles stipulates that in respect of lower categories of posts promotions should be based on seniority subject to fitness; but the practice in BEL is to reserve only 25 per cent of posts in this category and the rest to be filled on the basis of seniority-cum-merit. Even with regard to these reserved posts, employees are required to secure a minimum of 25 per cent marks in the test/interview held for the purpose.

Secondly, para 5 of the Model visualises that eligibility for promotion should also depend on a minimum length of service, generally, 3 years' experience, relaxable in exceptional cases for reasons to be recorded in writing, or such a condition not applicable in case where a qualifying test is prescribed. The given information shows that interview/test is prescribed in respect of all promotions. The Company have pointed out that they have prescribed '2 years' experience in a grade for promotion purpose, having regard to rapid expansion programme of the factory, and this is subject to review from time to time.

Thirdly, a suggestion is contained in paras 2 & 8 of the Model that in holding trade tests, a representative of the recognised Trade Union, who is technically qualified, should be associated as an observer, wherever possible. On this point, the Company have commented that it is too early to consider such an innovation, as it would be possible only when the Trade Unions reach the required stage of development to assume responsibility of this nature.

(3) Subject to the above minor variations, it can be held that BEL have complied with the Model Principles.



## APPENDIX X

(Vide supplementary reply to recommendation at Sl. No. 27—  
Chapter II)

### SUPPLEMENTARY STATEMENT SHOWING RESULTS OF EXAMINATION OF DATA FURNISHED BY PUBLIC UNDER- TAKINGS REGARDING ADOPTION OF MODEL PROMOTION PRINCIPLES.

#### 1. *Instrumentation Limited*

Instrumentation Ltd. have forwarded a copy of the promotion procedure in vogue in that enterprise and a statement showing how far the procedure conforms to each of the Model Principles. An examination of the reply shows the following features:—

- (i) The Company held consultations on promotion rules and arrived at agreement with recognised Employees' Union.
- (ii) Steps have been taken to compile a Service Manual and it is proposed to publish the same also in the regional language.
- (iii) Posts in the company have been classified and categorised. The rules provide for a minimum period of 2 years' service for eligibility purposes (instead of 3 years' provided for in the Model Principles). It has been stated that career opportunities in Instrumentation Ltd., in relation to those available in other public sector projects, are comparatively better. Promotions are made on the basis of appraisal founded on the principle of seniority-cum-fitness. The Company have dispensed with trade tests for promotion on the suggestion of employees and their Union.
- (iv) Promotion Committees consisting 4 members of management are available to consider promotion matters.
- (v) Before announcement of promotions, Employees' Union is confidentially informed and kept in picture.
- (vi) The Company impart training to workers. They intend to introduce a scheme of Management Development and Organisational Development, in which emphasis would be given

to the need for training in higher skills, as well as training in the fields.

- (vii) The procedure followed in the matter of communication of reasons for non-selection and consideration of representations from aggrieved individuals shows that—
- (a) Confidential consultations are held with Union Officials in case of promotion or non-promotion.
  - (b) In case of non-promotion, counselling to the worker at the level of shop/department is done.
  - (c) Opportunity is given for persons to appeal, which is then considered by the Managing Director along with the Union Officials.
  - (d) Counselling by M.D. at his level is also done.

(2) From the foregoing account, it may be observed that Instrumentation Ltd., have evolved a promotion procedure, more or less, in conformity with the Model Principles.

### *2. Hindustan Housing Factory Ltd.*

Hindustan Housing Factory Ltd., have forwarded a copy of Recruitment Rules in vogue in the enterprise and have stated that the rules cover practically all the provisions laid down in the Model Principles. An examination of the reply shows the following features—

- (i) The Company have categorised and classified posts, indicating those which are to be filled up by promotion and those by direct recruitment. The minimum period of experience required for promotion purposes has been spelt out. Posts can also be filled up by appointment of an officer on deputation or transfer from a Central or State Government department or undertaking, if the Board considered it necessary in the best interests of the company.
- (ii) All promotions are to be considered by appropriate Departmental Promotion Committees. For this purpose, posts are classified as 'Selection', and 'non-Selection' posts. Vacancies in 'non-selection' posts are filled up by promotion on the basis of seniority, subject to rejection of unfit. In regard to 'selection' posts, merit combined with seniority serve as criteria.

(iii) In respect of certain categories, trade tests are conducted and, for the purpose, Representative of Union is associated as an observer.

(iv) Standing Orders of the company provide for a Grievance Procedure.

(2) It may be observed that the company have followed the Model Principles in certain respects. Basic provisions such as (i) consultations with Trade Union, or in its absence with workers in general, in the matter of evolving promotion procedure; (ii) giving the widest publicity to promotion procedure in the form of Service Manual, (iii) having a regular system of training workers for higher skills, etc., do not appear to have been complied with. Necessary clarifications have been sought from the company.

### 3. *Indian Petro-Chemicals corporation Ltd.*

Indian Petro Chemicals Corporation Ltd. have stated that the rules of promotion already formulated in the company are in conformity with the Model Principles. They have enclosed an extract from the Company's "Hand Book of Rules and Regulations as applicable to employees". An examination of the reply shows the following features:

- (i) Promotions are made on the recommendations of Departmental Promotion Committee.
- (ii) Eligibility for promotion to a higher post is at least 2 years service in a particular post, relaxable in exceptional cases by MD on the recommendations of the DPC.
- (iii) Promotions to all non-selection posts, i.e. in the scale of Rs. 270—520 and below are generally on the basis of seniority-cum-fitness. For posts in the scale of Rs. 270—520, however, 50 per cent vacancies shall be filled on the basis of seniority-cum-fitness and 50 per cent on the basis of departmental test.
- (iv) The company have a plan for training potentially good workers for higher skills in outside agencies like Gujarat Refinery, Gujarat Fertilizers, N.O.C.I.L, etc.
- (v) Representations of grievances relating to non-promotion are entertained and dealt with.

It may be observed that the basic provision in the Model Principles that drafting of the promotion procedure or the adaptation of any model procedure must be preceded by the fullest possible consultations with recognised Trade Union etc. does not appear to have been complied with. Necessary clarification has been sought from the company.

#### 4. *Hindustan Latex Ltd.*

Hindustan Latex Ltd. have stated that they are, by and large, following Government of India rules in the matter of recruitment and promotions. They are now framing their own service and promotion rules and, in that process, would take into consideration the Model Principles. The company entered into agreement on various matters, including promotion policy with workers of their only industrial unit (Nirodh Factory), on the 8th September, 1971; the agreement being valid for 2 years from the date. It provides for categorisation of employees as (a) above the level of Chargemen and (b) Chargemen and below. Promotion upto the level of Chargemen would be on the basis of seniority, subject to fitness, and for above the level of chargemen, it would be on the basis of seniority and merit subject to possessing minimum qualifications. In the matter of promotions, the company have not prescribed any minimum period of service for eligibility purposes, as the agreement entered into with the workers does not spell out any such requirement. It is, however, claimed that the existing system is working satisfactorily and any change thereto can be considered only after the expiry of agreement with the workers. On the ministerial side, promotions upto the level of Office Assistant would be on the basis of seniority and merit, subject to possessing minimum qualifications. In matters such as communication of reasons for non-selection and entertaining representations relating to non-promotion, the guide lines in the Model Principles are being followed.

(2) It is noted that the company are in the process of framing their own service and promotion rules. Attention of the company has, however, been drawn to the need for printing the rules in the form of Service Manual and to give wide publicity amongst the employees.

#### 5. *Hindustan Photo Films Mfg. Co. Ltd.*

H.P.F.M. company have stated that the substantive portion of the Model Principles has been implemented when a settlement on wages was reached on the 8th February, 1972 between the Management

and the Workers Union, in the presence of Conciliation Officer. Specifically it has been stated that two of the Principles, viz., Consultation with Unions (para 2 of the Model) and giving publicity to promotion (para 3) have been complied with, as the above settlement was reached after full consultation with the Union and it was adequately publicised. The Company propose to bring out a consolidated set of Promotion Rules incorporating the Principles governing Merit rating (para 7), Training of workers (para 9). Communication of reasons for non-selection (para 10) and Representation of grievances relating to non-promotion (para 11), as well as those on which settlement was reached.

#### *6. Fertilizers and Chemicals Travancore Ltd.*

FACT Ltd. have forwarded a copy each of the Memorandum of Settlement arrived at with the Employees' Association in June, 1964 (a printed document) and Grievance Procedure, and also a note showing the extent of conformity of the promotion procedure with the Model Principles. An examination of the company's reply shows the following features:—

- (i) The promotion policy of the company forms part of the Memorandum of Settlement of June, 1964. A review of the Principles embodied in the Memo has been demanded by the Unions and the matter is now pending adjudication.
- (ii) Posts have been classified and categorised, prescribing qualifications for each post. Trade tests are conducted for promotion and, wherever possible, Union representatives are associated in such tests.
- (iii) Promotion Committees had not been set up, as the Memo of Settlement did not envisage such a body, but steps are now being taken to set up such committees.
- (iv) No minimum period of experience for determining eligibility for promotion to the next higher grade has been prescribed. Qualifying tests had been prescribed whenever found necessary.
- (v) The Memo of Settlement provides for a procedure of merit rating. This takes into account factors, such as length of service, regular attendance, amenability to discipline, qualifications, performance, safety-mindedness, etc.

- (vi) Promotions are based on the assessment procedure prescribed in the Memorandum of Settlement. Only those who are found eligible as per the assessment are given promotion. In respect of selection posts, the only criterion followed is merit.
- (vii) No regular system of training workers has been introduced, but the suggestion contained in the Model Principles has been noted for compliance.
- (viii) The company have a Grievance Procedure. Written representations from individual workers or Unions relating to promotion matters are freely entertained, examined and disposed of within stated time.

(2) From the foregoing account, it can be inferred that F.A.C.T. Ltd. have, by and large, adopted the Model Principles in the promotion procedure of the company. The company have, however, been requested to compile a Service Manual and forward a copy of the same to the Bureau in due course.

#### 7. *Bharat Heavy Electricals Ltd.*

BHEL have stated that the Model Principles for promotion are generally being followed in their enterprise. They are presently codifying the Recruitment and Promotion Rules and the draft of the Rules as applicable to all units is under consideration of a Committee of Personnel Managers. This is expected to be finalised shortly.

(2) The company have forwarded a copy of the existing promotion rules from which it is observed that—

- (i) eligibility requirement for promotion is 3 years.
- (ii) promotions are made generally on the basis of merit-cum-seniority (which has been defined as weightage/marks being accorded to seniority, confidential reports, tests and interview). Written tests are conducted in respect of certain categories, such as artisans.
- (iii) two categories of Promotion Committees consisting 3 members each, are in existence for promotion purposes.

(3) It may be observed that the Recruitment and Promotion Rules of the company are under revision. From the given information, it

is not evident whether the basic provisions of the Model Principles, namely consultations with workers as envisaged in para 2 of the model, have been held by the management or proposed to be held before finalising the Recruitment and Promotion Rules. It has been suggested to the management that they should keep in view all the points mentioned in the Model and furnish to the Bureau, a copy of the revised promotion procedure after finalisation, as also a note showing how far it conforms to each of the Model Principles.

#### 8. *Hindustan Shipyard Limited.*

Hindustan Shipyard Limited have forwarded a copy of Recruitment and Promotion Rules in operation in the company and a short note on the promotion policy in vogue. The rules are stated to have been framed on the basis of Model Recruitment and Service Rules, circulated by the Ministry of Industry in November, 1964.

(2) An examination of the reply showed that—

- (i) promotions are based on seniority-cum-merit.
- (ii) selection committees/promotion committees are in existence, on the basis of whose recommendations promotions are made.
- (iii) a grievance procedure is in operation.
- (iv) the Company management are sponsoring employees to various seminars/programmes/trainings.

The given information did not show whether consultations with Trade Union/Service Association were held. It did not also indicate—

- (a) whether Service Manual had been compiled.
- (b) whether posts had been classified, prescribing qualifications, experience, etc. and quotas fixed for filling up vacancies in a particular grade by promotion and direct recruitment.
- (c) what were the terms of eligibility for promotion.
- (d) whether a system of merit-rating introduced.
- (e) what criteria were adopted in the matter of promotion of lower categories of posts.

- (f) whether a regular-system of selecting potentially good workers for training was followed.

It was pointed out to the company that in matters such as (a) consultations with the Unions (b) giving publicity to promotion procedure (c) classification of posts; (d) eligibility for promotion (e) merit rating (f) criteria for promotion and (g) training of workers, the Model Principles were yet to be adopted. A further reply received from the company has shown that—

- (i) a bi-partite committee consisting representatives of union and Management has been constituted to review the existing promotion policy and to frame a revised promotion procedure; the procedure is shortly to be finalised.
- (ii) a Service Manual will be compiled after the promotion policy and procedure is finalised after due deliberations with Workers' Unions and approved by the management. Such deliberations will *inter alia* cover matters such as classification of posts, method and mode of recruitment and merit rating.
- (iii) eligibility for promotion is based on seniority-cum-merit.
- (iv) promotion Committees have been constituted.
- (v) criteria for promotion applied are seniority, subject to fitness in respect of lower categories and merit in regard to supervisory posts. This position has been accepted by the Unions.

#### 9. *Central Inland Water Transport Corp. Ltd.*

Central Inland Water Transport Corporation Ltd. have forwarded a copy of their draft Recruitment & Promotion Rules, which was to be placed before their Board of Directors for approval. An examination of contents of the Rules with reference to the Model Principles for promotion indicates that—

- (i) Post in the company have been categorised and classified, prescribing minimum qualifications and experience.
- (ii) Method and mode of recruitment have been prescribed; vacancies upto Class II are to be filled up by departmental promotion. With regard to Class I also, 50 per cent vacancies are generally reserved for departmental promotion.



- (iii) Posts carrying a scale of Rs. 210—475 and above are treated as selection posts, which are to be filled up by Managing Director or by Selection Committees constituted by him.
- (iv) The criterion applied for selection posts is merit, which is defined as based on a person's past performance, service record, confidential character roll, oral or written test, etc. In regard to non-selection post, the basis of promotion shall be seniority, subject to fitness, etc.

(2) It may be observed that while some of the Model Principles, such as classification and categorisation of posts, criteria for promotion, etc., have been taken into account, the more important provisions such as—

- (i) Consultations with Unions before formulating promotion policy;
- (ii) training of workers;
- (iii) provision for appeal and representation by an aggrieved individual or a trade union in promotion matters, etc. do not appear to have been given due consideration. The Company have been addressed to keep these factors in view while finalising the promotion policy.

#### 10. *National Mineral Development Corporation Ltd.*

N.M.D.C. Ltd. have forwarded copies of (a) Draft Recruitment and Promotion Rules: (b) Agreement arrived at with Workers' Unions and (c) a note showing the extent of conformity of promotion procedure to the Model Principles. An examination of these documents shows that:—

- (i) A tripartite settlement was signed between the management of the Company and the Workers' unions before the Chief Labour Commissioner (Central) New Delhi. This settlement provides for pay revision, fringe benefits, job description of posts, channels of promotion, etc. Provisions of the Agreement are applicable to all workmen whose scale of pay did not exceed Rs. 575 p.m. as on 31st March, 1970. Subsequent to arriving at the agreement, bi-partite meeting between management and workers is to be held to finalise the revised draft Recruitment and Promotion Rules.

- (ii) The draft Recruitment & Promotion Rules provide for categorisation and classification of posts, prescribing minimum qualifications and experience; method and mode of recruitment/promotion, etc. To claim eligibility for promotion, 3 years minimum service in a lower post is the requirement. The criteria to be applied for promotion are seniority, subject to competence test for lower categories of posts and seniority-cum-merit, inclusive of job tests/trade tests for skilled posts. Procedure and syllabus for conducting these tests are being finalised in consultations with the Unions.
- (iii) The Rules also provide for Promotion Committees, Merit rating (based on qualification, experience, service records), etc.
- (iv) Opportunities are being provided to employees to represent their grievances regarding promotion matters in writing and in person.
- (v) The company are running two training institutions for workers at Kiriburu and Bailadilla projects. Refresher courses and part-time training programmes are conducted to upgrade the skills and knowledge of the employees. The employees are also sponsored for training to national institutions for technical supervisory training.

(2) It may be observed that the basic provisions in the Model Principles have been complied with by the N.M.D.C. It is, however, noted that pursuant to the settlement arrived at with the Workers' Unions, Recruitment & Promotion Rules are being revised in consultations with the Unions and a meeting for the purpose has been convened by the management. An enquiry has been made whether these Rules have since been finalised and if there are any changes in the Rules, a revised copy of the same may be supplied to the Bureau.

#### 11. *Bokaro Steel Limited.*

Bokaro Steel Limited have stated that the company's promotion rules finalised in 1967 were based on the Model Principles compiled by the Ministry of Labour & Employment and the guiding principles laid down by the erstwhile Ministry of Industries and Supplies. The company could not hold consultations with the recognised Union as both the functions of the Union were restrained by a Court of Law, from representing the Union. The rules were subsequently codified incorporating amendments and clarifications

issued between 1967 and 1970. A copy of the codified rules received in the Bureau has been examined with reference to the 11 points contained in the Model Principles and the following features are noted:

- (i) Posts in the Company have been classified according to nature of duties, prescribing the minimum qualifications. The minimum period of service in a post is fixed as 3 years to claim eligibility for promotion.
- (ii) The posts in the company are categorised as selection and non-selection grades. The criteria for promotion applied in respect of selection posts are merit-cum-seniority. In regard to non-selection posts promotion is made on the basis of seniority, subject to elimination of unfit. As for skilled categories, qualifying test/trade test are prescribed for promotion purposes.
- (iii) Normally not more than 50 per cent of vacancies in the grade of Rs. 550—1100 will be filled by promotion/appointment from lower posts.
- (iv) Promotion Committees for consideration of candidates for promotion to various grades have been constituted.
- (v) An "Employees Development Scheme" to enable non-executive employees to develop and equip themselves to qualify for executive cadre has recently been introduced in the company.
- (vi) A grievance procedure is in vogue. An employee aggrieved by an order of promotion can appeal against such order.

(2) It may be observed that while some of the provisions of Model Principles have been complied with by Bokaro Steel Ltd., the basic provision regarding consultations with workmen could not be observed by the company as both the functions of the recognised Union were restrained by a court of Law from representing the said union.

## 12. Neyveli Lignite Corporation Ltd.

Neyveli Lignite Corporation have furnished a copy of Company's promotion rules and a statement showing how far the promotion procedure in vogue in the Company conforms to each of

**the Model Principles. An examination of the contents of the reply shows the following position:**

- (i) Posts in the company have been categorised and classified according to nature of duties and trades.
- (ii) Promotion channels have been prescribed for various cadres specifying the length of service to be put in by an employee for moving from one grade to another. Three years' experience is generally prescribed for moving from grade to grade.
- (iii) The criteria for promotion are seniority subject to fitness. Trade tests are also conducted in respect of certain categories.
- (iv) Promotion committees have been constituted for promotion purposes.
- (v) A system of merit rating based on factors listed in the Model Principles is in vogue.
- (vi) A regular system of selecting and training workers in operation.
- (vii) A grievance machinery has been set up in the organisation to enable aggrieved workers to represent their grievances.
- (viii) The basis on which promotion rules were framed has been incorporated in the certified standing orders.

**(2) It may be observed from the foregoing that the Model Principles have been by and large complied with by the Company in the matter of promotion of industrial workers.**

## APPENDIX XA

(Vide further supplementary reply to recommendation at Sl. No. 27—Chapter II)

### REPLY OF GOVERNMENT TO RECOMMENDATION NO. 27

Information in respect of 76 enterprises on the subject of adoption of the Model Principles for Promotion in Central Government industrial enterprises has been forwarded to the Lok Sabha Secretariat. The position in respect of the remaining 21 enterprises is forwarded herewith.

It is seen that the majority of the remaining enterprises have, by and large, adopted the Model Principles. Of the 21 enterprises, 12 have adopted *mutadis mutandis* the Model Principles for promotions; the minor deviations from the Model related to (a) manualising the rules and (b) giving due publicity. These enterprises have been asked to do the needful in this regard. Seven enterprises have informed that they were framing or revising their service rules on the basis of the Model Principles indicated by Government. The remaining 2 being non-industrial enterprises have stated that the Model Principles may not be applicable to them.

#### (a) Enterprises which have already adopted the Model Principles

The 12 enterprises that have *mutadis mutandis* adopted the Model Principles are:—

- (i) Bharat Earth Movers Ltd.
- (ii) Heavy Electricals (India) Ltd.
- (iii) Hindustan Steel Ltd.
- (iv) Hindustan Aeronautics Ltd.
- (v) Hindustan Zinc Ltd.
- (vi) Hindustan Copper Ltd.
- (vii) Tungabhadra Steel Products Ltd.
- (viii) Mining & Allied Machinery Corporation Ltd.
- (ix) Hindustan Steel Works Construction Ltd.
- (x) Food Corporation of India
- (xi) Uranium Corporation of India
- (xii) National Instruments Ltd.

The position regarding adoption of the Model Principles in these enterprises is discussed in greater detail in the Annexure I.

(b) *Undertakings which are in the process of framing|revising promotion rules*

The 7 undertakings which come in this category are:

- (i) Hindustan Machine Tools Ltd.
- (ii) Pyrites, Phosphates & Chemicals Ltd.
- (iii) Fertilizer Corporation of India Ltd.
- (iv) Heavy Engineering Corporation Ltd.
- (v) Central Fisheries Corporation Ltd.
- (vi) Goa Shipyard Ltd.
- (vii) Central Road Transport Corporation Ltd.

The details regarding the present position of promotion rules in these enterprises as compared to the Model Principles is given in Annexure II. Similar information in respect of 15 enterprises earlier reported where the Model Principles are yet to be incorporated or are in the process of being adopted, is also given in Annexure II.

2. An overall analysis of the position regarding 97 enterprises initially addressed brings out that 51 enterprises have, by and large, adopted the Model Principles or have made substantial progress in that direction; 22 enterprises have taken steps or are in the process of framing/revising their Service Rules. The matter is being pursued with these enterprises to ascertain progress; 18 enterprises reported that there are no industrial workers in their organisation to whom the Model Principles are applicable; 6 enterprises stated that they were set up recently and that they would keep in view the Model while framing the Recruitment & Promotion Rules.

3. The Model Principles have been communicated to a few more new enterprises for guidance while framing their promotion rules.

[Bureau of Public Enterprises O.M. No. 9(100)|71—BPE (GM I),  
dated 29th March, 1973]

## ANNEXURE I

### ENTERPRISES WHERE THE MODEL PROMOTION RULES HAVE BEEN LARGELY ADOPTED.

#### 1. *Bharat Earth Movers Limited*

Bharat Earth Movers Limited have forwarded copies of promotion procedure and a note showing how far the procedure conforms to each of the Model Principles. An examination of the reply brings out the following features:

- (i) The promotion procedure has been evolved after due consultations with Works Committee/Trade Unions.
- (ii) The procedure has been published in the form of General Bulletin.
- (iii) Posts in the Company have been classified, prescribing the minimum qualifications and experience. Percentage of posts reserved for promotion has also been laid down.
- (iv) A system of merit-rating has been introduced.
- (v) The criteria for promotion are seniority-cum-suitability. Trade tests/written tests are also conducted.
- (vi) A proposal for training of workers is under consideration.
- (vii) Grievance procedure as laid down in the Company provides for redressal of grievances, including non-promotion.

From the foregoing, it may be observed that BEML have, by and large, followed the Model Principles for promotion of Industrial workers. As it appeared that a Service Manual has not yet been compiled, the Company has been addressed to manualise the service rules.

#### 2. *Heavy Electricals (India) Ltd.*

Heavy Electricals (India) Ltd., have furnished a copy of each of the Standing Orders and Service Rules as applicable to industrial workers in their factory and a note showing how far these are in conformity with the Model Principles. The Company management

have appointed a committee to study the question of promotion policy and the matter is under its consideration.

The promotion procedure at present in vogue in the company shows that:

- (1) Posts have been classified as supervisory store-keeping, ministerial, etc. prescribing qualifications and experience. (It has, however, been stated that all these can be clearly spelt out as and when the promotion policy is finalised).
- (2) Eligibility for promotion is prescribed as 2 years' in a particular grade.
- (3) Promotion Committees have been set up.
- (4) A system of merit rating, which covers factors such as attendance, amenability to discipline, performance, safety-mindedness, etc. is available.
- (5) Promotion in respect of LDCs and UDCs is governed by the criteria of seniority subject to fitness. In all other categories, it is based on a system of assessment governed by factors, such as seniority, experience, qualification, confidential reports, etc. The Company do not have a system of trade test for industrial employees.
- (6) A regular system of giving training to workers for higher skills and responsibilities is yet to be introduced in the Company. It has, however, been stated that development courses are arranged for improving the knowledge of workers.
- (7) A grievance machinery is available to deal with grievances of employees.

It may be observed that the HEIL management have already set up a Committee to go into the question of promotion policy. The company has been asked to confirm that the committee would keep in view all the points mentioned in the Model Principles at the time of finalisation of the policy.

### *3. Hindustan Steel Limited*

HSL have forwarded a detailed note on the promotion policy in vogue in each of their four steel plans, indicating the extent of its conformity to the Model Principles. The Company have stated that the promotion policy and practice in regard to Bhilai, Durgapur and



Rourkela plants had been introduced after consultation/through agreement with the Unions; and in respect of Alloy Steel Plant, Durgapur, it had not been possible as yet to introduce the promotion policy through agreement with the recognised Union. An examination of the contents of the letter and its enclosures brings out the following position in respect of each of the plants:

(i) *Bhilai Steel Plant*

In the matter of formulation of promotion policies and practices, consultations were held with the recognised Union. Promotions are made on the basis of seniority-cum-merit, which are based on three elements viz., seniority, merit-rating and trade tests are conducted in respect of promotion from unskilled/semiskilled to skilled categories; or movement from one trade to a dissimilar trade or from non-supervisory to supervisory levels. Principles of seniority and merit-rating have been laid down in consultation with the Union. The merit-rating is governed by factors such as length of service, regular attendance, punctuality, amenability to discipline, qualifications, performance, safety-mindedness, etc. The Union is actively associated in finalising a merit-rating system. Adverse ratings are communicated to concerned employees. Departmental promotion committees consisting of Head of Department, as representative of Personnel Manager and a representative of Superintendent, Bhilai Technical Institute, have been constituted. The Union representatives are kept informed of the recommendations of the Promotion Committee before release of panel.

Continuous in-plant training and special training for workers are given.

A 3-tier Grievance Procedure, which, also provides for a Grievance Committee, is available in the plant. Employees who are aggrieved due to supersession in promotion can invoke the grievance procedure.

(ii) *Durgapur Steel Plant*

Posts have been classified, prescribing the minimum qualifications and experience. Channels of promotion have been indicated in consultation with the recognised Union. Promotion committees have been set up. Promotions are based on confidential character roll, merit rating, trade test or written examination and or interview. A clarification has been sought whether any grievance machinery is available in this plant to deal with representation of grievances relating to non-promotion.

*(iii) Rourkela Steel Plant*

The promotion rules framed in pursuance of an agreement with the recognised Union provide for channels of promotion, grievance machinery, promotion committees, etc. Jobs have been classified, prescribing minimum qualifications and experience for each post. Eligibility for promotion is prescribed as 2 years' in the grade. Promotions are based on seniority test as provided in the rules. While conducting trade tests, representative from the recognised Union is associated. A training scheme for supervisory employees, so as to equip them to shoulder higher responsibilities of executive posts, is available.

*(iv) Alloy Steels Plant, Durgapur.*

The Union in the Plant was very much critical about trade test and it refused to be associated with the tests conducted by the management. The promotion procedure in vogue in the plant shows that the posts have been classified. Eligibility of promotion has been prescribed as 2 years' in a grade on non-ministerial side and 3 years' on the ministerial side. The criteria of promotion are seniority and satisfactory performance as recorded in the confidential Character Roll. Promotion Committees have been constituted. A system of training semi-skilled workers on the maintenance side with a view to developing them for promotion to skilled posts is available.

It may be observed that while the promotion procedure in respect of Bhilai, Rourkela and Durgapur steel plants have been evolved in consultation with workers' unions, only in regard to Alloy Steel Plant, Durgapur, there has been no agreement with the workers' union. It is noted that in respect of all the plants the criteria for promotion are seniority-cum-merit, while the Model Principles envisage that in respect of lower categories of posts (unskilled, semi-skilled and clerical workers and routine clerks), the promotions should be governed by seniority, subject to fitness. Again, as regards training of workers, while the Model envisages regular system of selecting potentially good workers for training in higher skills and responsibilities, the practice in the plants shows that the requirements are not fully met in Rourkela and Durgapur plants. These two points have been taken up with the Company management for clarifications.

HSL Management has also since been addressed to manualise their service rules.

#### 4. Hindustan Aeronautics Ltd.

Hindustan Aeronautics Ltd., have furnished a copy of the Recruitment and Promotion Rules and a note showing how far these rules conform to each of the Model Principles. An examination of the reply brings out the following features:—

- (i) The Company management consults the Unions in promotion policy matters.
- (ii) Promotion procedures have been given wide publicity but these have not yet been manualised.
- (iii) Posts in the Company have been classified and categorised 75 per cent of posts are reserved for promotion and the rest are filled up by direct recruitment.
- (iv) Promotion Committees have been set up.
- (v) The criteria applied for promotion are seniority subject to suitability, determined with reference to performance in trade test/written test and interview, etc.
- (vi) A job-oriented performance appraisal system is in vogue.
- (vii) The Company have introduced a worker's education scheme.
- (viii) Representations of grievances relating to non-promotion are entertained.

It may be observed that HAL have, by and large, complied with the provisions of Model Principles. The company have however, not manualised their Service Rules, but propose to do so as soon as possible. They have been addressed to furnish a copy of the Manual as and when it is ready.

#### 5. Hindustan Zinc Limited

Hindustan Zinc Limited have forwarded a copy of the agreement entered into with the recognised Workers' Union which *inter alia* covers promotion and recruitment rules of the Company. They have indicated how far these rules conform to each of the Model Principles.

An examination of the reply brings out the following features:—

- (i) Post in the company have been categorised and classified, prescribing qualifications, percentage of vacancies to be filled up by promotion/direct recruitment, channels of promotion etc.
- (ii) Eligibility for promotion has been laid down as 3 years' subject to the candidate qualifying in a written test/trade-test, interview, etc. as the case may be.
- (iii) Criteria for promotion are merit-cum-seniority.
- (iv) Promotion Committees have been set up.
- (v) A system of merit rating based on factors such as seniority, efficiency, trade-written test, performance, qualifications, service record etc. is available.
- (vi) Provision for training schemes for certain categories of employees has been made in the agreement with the Union and separate action to train employees is also being taken.
- (vii) Grievances regarding promotion matters are entertained. A grievance machinery is also in existence.

From the foregoing it can be inferred that the promotion procedure of the company, by and large, conforms to the Model Principles.

#### 6. *Hindustan Copper Limited*

Hindustan Copper Limited, have forwarded a copy of the draft Recruitment & Promotion Rules and a statement showing how far these rules conform to each of the Model Principles. An examination of the reply brings out the following features:—

- (i) The draft rules have been framed in consultations with the recognised Union.
- (ii) Posts in the company have been classified according to the nature of duties, prescribing minimum qualifications and experience, percentages of vacancies to be filled up in a particular grade by promotion and direct recruitment have also been specified. A job Evaluation Committee set up by the Management has specified job requirement.

- (iii) Eligibility for promotion has been prescribed as 3 years' service in a post. Trade tests have also been prescribed for certain posts.
- (iv) The draft rules provide for Promotion Committees.
- (v) The criteria for promotion are seniority subject to fitness.
- (vi) A training department has been set up in the project to develop the skills of workmen.
- (vii) The rules provide that any workmen aggrieved by promotion orders could appeal and represent his case to appointing authorities.

It may be observed that the draft rules framed by the company, by and large, takes care of the provisions contained in the Model Principles. A clarification has, however, been sought from the Company management whether it would be feasible to associate a technically qualified representative of the workers as an observer in Trade Tests, as suggested in Para 8 of the Model Principles. A copy of the finalised Service Rules has also been sought from the Company.

#### *7. Tungabhadra Steel Products Limited*

Tungabhadra Steel Products Ltd., have forwarded a copy of Recruitment and Promotion Rules of the Company with the observations that the Company have, by and large, implemented the Model Principles for promotion of industrial workers. An examination of the reply brings out the following features:—

- (i) Posts in the Company have been classified as Executive and non-executive posts.
- (ii) Criteria applied for promotion are merit, efficiency and past performance.
- (iii) Eligibility for promotion is prescribed as 2 years' service in a lower grade, and this is stated to be in accordance with an agreement entered into with the recognised Union.
- (iv) All promotions are considered by Departmental Promotion Committees or Trade Test Committee appointed by the Managing Director.
- (v) Representations regarding promotion matters are received and dealt with by the Management.

It is noted that the Company have largely complied with the provisions of the Model Principles. They have, however, been addressed to confirm whether the Rules were drawn up in consultation with workers, as envisaged in the Model. They were also requested to compile a Service Manual and to furnish a copy thereof to the Bureau in due course.

#### 8. *Mining & Allied Machinery Corporation Limited*

The promotion rules in MAMC were finalised in consultation with the major Trade Unions operating in the plant and these formed part of a Tripartite Agreement signed with the Union. The promotion procedure was given publicity, but this has not yet been printed in the form of Service Manual. It provides for channels of promotion for different trades/posts. Criteria applied for promotion are seniority-cum-eligibility in respect of ministerial staff, store-keepers, draftsmen and also in regard to 80 per cent of posts in other categories of worker; the remaining 20 per cent in this category are promoted on the principle of seniority-cum-merit. Workers are given training on the job or in outside institutions/companies. Representations from workers regarding non-promotion matters are received and dealt with by the Company management.

It is noted that the existing procedure does not spell out the minimum qualifications and experience required in respect of different posts; nor it provides for Promotion Committee, merit rating, etc., on the lines envisaged in the Model Principles. MAMC have, however, stated that as the Tripartite Agreement under which the existing promotion policy was adopted remained valid upto 2nd July, 1972, the procedure could not be recast exactly on the lines envisaged in the Model. The Company have been addressed to keep in view each of the 11 points mentioned in the Model as the time of revising the promotion procedure and also compile a Service Manual in due course.

#### 9. *Hindustan Steelworks Construction Ltd.*

HSWC Ltd. have stated that they are a construction agency for steel plants and that they had so far been taking persons on employment on contract basis for 2-3 years, but with the expansion of their activities, they would necessarily employ persons on a long term permanent basis, whereafter the promotion procedure/rules, would be formulated.

At present, they have two categories of employees, viz., (i) temporary employees whose services are likely to be terminated at short notice and (ii) persons on contract basis. The Company management

are in agreement that representatives of the recognised Union should be associated and consulted in the drafting of promotion procedure. In the meantime, the promotion rules and procedures in vogue are, by and large, patterned on the lines suggested in the Model Principles. It is noted that posts in the Company have been classified, fixing the minimum qualifications and experience. Eligibility for promotion is based on the minimum length of service of 3 years' in a particular grade. Promotion Committees have been set up. A system of merit rating based on various factors, has been introduced. The criteria for promotion applied in respect of lower categories of posts are seniority, subject to fitness. Written representations from individual workers or unions relating to non-promotion matters are entertained and dealt with expeditiously.

It may be observed from the details given that HSWC Ltd. have made substantial progress in the matter of adoption of Model Principles.

#### 10. *Food Corporation of India*

Ministry of Agriculture (Deptt. of Food) have forwarded information on the subject of Model Principles for promotion relating to Food Corporation of India. It is noted therefrom that promotions to the regular employees of the Corporation are regulated in accordance with the instructions contained in the Food Corporation of India (Staff) Regulations, 1971 formed under the provisions of the Food Corporation Act. Essential features of the promotion procedure in vogue are:

- (i) The staff Regulations have been framed in consultations with various staff/officers' association/unions.
- (ii) These Regulations were given due publicity.
- (iii) All posts in the Corporation have been classified and categorised according to the nature of duties and trades. The method and mode of recruitment; percentage of vacancies to be filled up by promotion or by direct recruitment, etc. have also been laid down.
- (iv) Eligibility for promotion to a higher grade has been prescribed as 3 years' service in a lower grade.
- (v) Promotion committees have been set up.

- (vi) A system of merit rating based on factors stated in the Model Principles is in use.
- (vii) Posts have been specified as selection or non-selection posts. Promotion to selection posts is based mainly on merit, and to non selection posts the basis is seniority, subject to fitness. Necessary trade tests have also been prescribed wherever acquisition of higher skill or different skill is involved.
- (viii) A central Training Institute has been set up to impart training to the managerial level employees. Proposals to conduct training programmes to certain lower categories of employees have also been finalised.
- (ix) Representations from individuals/Union/Association in regard to promotion matters are entertained and dealt with by the management.

It may be observed from the details given above that the Food Corporation have, by and large, implemented the Model Principles.

#### 11. Uranium Corporation of India

Department of Atomic Energy have forwarded a statement showing the action taken by the Uranium Corporation of India, in the matter of adoption of Model Principles in that enterprises. An examination of the details given therein shows that:—

- (i) The Recruitment & Promotion Rules of the company (formulated after consultation with Labour Union) are in the last stages of finalisation.
- (ii) The rules provide for categorisation and classification of posts; modes of recruitment, channels of promotion, etc.; these also prescribe minimum qualifications and experience required for the posts.
- (iii) Promotion Committees have been provided for.
- (iv) Criteria of promotion, merit rating, etc. are covered in the Rules.
- (v) Provision has been made in the rules for any aggrieved person to make a representation within 30 days of the date of the relevant order granting promotion; such representations are to be disposed of by the management expeditiously. Uranium Corporation have stated that on the



subject of training of workers, the relevant principle will be kept in view while formulating the Company's training policy.

It may be noted that the Uranium Corporation have, by and large, adopted the Model Principles in the promotion procedure of the Company. As, however, the Company stated that the Rules are yet to be finalised, they have been requested to expedite finalisation of Rules.

#### 12. *National Instruments Ltd.*

National Instruments Ltd., have stated that their Recruitment & Promotion Rules had been laid down after consultation and in agreement with the recognised Union of workmen and these form part of a Tripartite Settlement dated the 8th September, 1969 arrived at with the Union. The Company have claimed that the provision contained in the Model Principles have already been covered substantially in their Service Rules. An examination of the Recruitment & Promotion Rules shows the following position:—

- (i) Posts in the Company have been categorised as (a) non-industrial technical; (b) non-industrial and (c) non-technical.
- (ii) Vacancies in each post or group of posts which can be filled up on a percentage basis by direct recruitment and by promotion have been specified.
- (iii) Posts have been classified as 'Selection' and 'non-selection' ones.
- (iv) Promotions are made on the basis of Promotion Committees or Selection Committees constituted by the Mangaging Director.
- (v) Appointments to selection posts or selection grade shall be made on the basis of merit with due regard to seniority.
- (vi) In regard to non-selection posts, the appointment is made strictly in order of seniority, subject to rejection of unfit.
- (vii) Any employee who is aggrieved by an order of promotion may appeal or represent his case to appropriate authority and get a decision thereon conveyed to him by such authority.

From the foregoing details, it may be observed that the National Instruments Limited, have, by and large, adopted the provisions of Model Principles in the promotion rules of the Company. It is significant to note that the recruitment and promotion rules from part of an agreement arrived at with the union.

## ANNEXURE II

### ENTERPRISES WHERE THE PROMOTION RULES ARE UNDER REVISION/PREPARATION

#### 1. *Hindustan Machine Tools Limited*

Hindustan Machine Tools Limited, have forwarded a copy of their Promotion Guidelines and have observed that these are more or less on the lines of Model Principles. An examination of the Guidelines shows the following features:—

- (i) Posts in the company have been categorised.
- (ii) Vacancies in the units are filled up by promotion excepting at entry points, like clerks, typists, engineering graduates etc.
- (iii) The company management follow the principles of seniority-cum-merit at lower levels and merit-cum-seniority at higher levels and only merit at top levels.
- (iv) Eligibility requirement for promotion from a post is 2 years for certain categories and 3 years for others.

It may be noted that while the Hindustan Machine Tools have followed the Model Principles in certain respects, the important provisions in the Model such as (i) consultation with Trade Union, or in its absence with workers in general, in the matter of evolving promotion procedure; (ii) giving the widest possible publicity to promotion procedure in the form of Service Manual; (iii) having a regular system of training workers for higher skills; (iv) Setting up of promotion committees; (v) merit rating etc., are yet to be complied with.

The above points have been brought to the notice of the Company management for initiating necessary action.

#### 2. *Pyrites Phosphates and Chemicals Limited*

Pyrites, Phosphates and Chemicals Limited have forwarded a copy of the promotion policy in vogue in the enterprise. An examination.

of the details given therein, with reference to the Model Principles, shows the following features:

- (i) All selections are to be made through Departmental Promotion Committees.
- (ii) Criteria applied in selection are trade test, written test, past performance etc.
- (iii) Seniority in a cadre will be the main consideration for promotion to the next higher post, unless the available post is considered as highly skilled, technical or selection post, where suitability/merit is the main criterion.

It may be noted that the company are yet to adopt the more important provision in the Model, such as:

- (a) consultations with Trade Union, or in its absence with workers in general, in the matter of evolving promotion procedure.
- (b) giving the widest possible publicity to promotion procedure in the form of Service Manual.
- (c) classification of posts/employees, prescribing minimum qualifications, experience.
- (d) having a regular system of training workers for higher skills.

The above position has been brought to the notice of the company management for initiating necessary action.

### 3. *Fertilizer Corporation of India Limited*

Fertilizer Corporation of India Limited have forwarded a copy of Recruitment and Promotion Rules, and have stated that Fertilizer Corporation of India being a multi unit Corporation it would be very difficult for them to revise the present rules in consultation with different Unions functioning at various units/divisions, for the purpose of fully falling in line with the Model Principles. An examination of the promotion rules of the company brings out the following features:

- (i) Posts in the undertaking have been classified more or less on the pattern prevailing in Government Departments.

- (ii) For all categories of posts, the basic principles for promotion are merit, efficiency and past performance; seniority being taken into consideration only if other factors are equal, subject to quotas of reservations being made in respect of posts upto the level of Assistants on the non-technical side and chargemen on the technical side.
- (iii) All promotions are to be considered by appropriate departmental Promotion Committees.
- (iv) Any employee who is aggrieved by an order of promotion on the ground that he has been superseded may appeal through the competent authority to the next higher authority.

It may be observed that while Fertilizer Corporation of India have followed the Model Principles in certain respects the basic provisions in the Model, such as consultations with Trade Union, or in its absence with workers in general, in the matter of evolving promotion procedure; (ii) giving the widest publicity to promotion procedure in the form of Service Manual, (iii) having a regular system of training workers for higher skills, etc., are yet to be complied with.

The company management has been requested to initiate necessary action.

#### *4. Heavy Engineering Corporation Limited*

HEC, have stated that the Model Principles for promotion are being followed in the Corporation to a large extent. Their Promotion policy was laid down in 1964 and at that time no consultation was made with the Recognised Union for laying down the procedure. Under the present circumstances also, due to inter-union and intra-union rivalries it had not been possible for the management to make any consultation in regard to promotion of workers in the Corporation. They have forwarded copies of promotion policy/procedure in vogue, and an examination thereof brings out the following features:

- (i) Posts in the undertaking have been categorised.
- (ii) For promotion of skilled workers, weightage is given to merit.
- (iii) Eligibility for promotion from one grade to higher grade is 3 years.
- (iv) Promotion Committees have been set up in the Corporation which include one outside member (expert in a particular

trade, or in the line from the Government, a sister undertaking or a sister project) nominated on the promotion/selection committee for the purpose.

It may be noted that the basic provisions in the Model Principles, such as consultations with Trade Union, giving publicity to promotion procedure in the form of Service Manual having a regular system of training workers for higher skills etc. are yet to be complied with.

The above position has been brought to the notice of the company management for initiating necessary action.

5. *Central Fisheries Corporation Limited:*

Ministry of Agriculture have forwarded a copy of letter dated 9th August, 1972 from the Central Fisheries Corporation in which information regarding adoption of Model Principles by the Company has been furnished. An examination of this letter shows that:

- (1) The service Rules of the company were drafted during 1966 and brought into effect from May, 1967. At that time there was no recognised union. No consultation as envisaged in para 2 of the Model has, therefore taken place.
- (2) The Service Rules have been brought to the notice of all units. No Service Manual has, however, been compiled.
- (3) Posts in the company have been classified.
- (4) The eligibility period for promotion is 5 years.
- (5) There are 2 departmental promotion committees.
- (6) The criteria applied for promotion are merit and suitability, with due regard to seniority.
- (7) There is no scheme for training of workers.
- (8) There is no specified procedure for dealing with grievances of employees regarding promotion matters.

It may be observed that the promotion procedure in vogue in the Corporation deviates from the Model Principles in matters such as:

- (a) consultation with workers regarding promotion procedure
- (b) giving publicity to the procedure in the form of Service Manual

(c) criteria of promotion

(d) training

(e) evolving a suitable procedure for dealing with complaints of non-promotions.

The Corporation have, however, stated that such of those matters mentioned in the Model as are not covered by their existing service rules are proposed to be taken to the Board of Directors for consideration and decision. The undertaking has been addressed to keep the Bureau informed of the progress.

#### 6. *Goa Shipyard Limited*

Goa Shipyard Limited have stated that the promotion rules for industrial workers of the company were framed in consultation with the recognised union and these, by and large, conform to the Model Principles. An examination of the Rules of Promotion sent with the letter under reference, however, does not reflect this position.

The undertaking has been addressed to furnish a note indicating the extent of conformity of the promotion procedure to each of the Model Principles.

#### 7. *Central Road Transport Corporation Limited*

Ministry of Shipping and Transport have forwarded a copy of Recruitment and Promotion Rules in vogue in the Central Road Transport Corporation Limited. An examination of these Rules with reference to the Model Principles shows that only some provisions of the Model find place in the existing procedure, as noted below:

(a) Posts in the company have been classified and categorised.

(b) Promotion posts have been treated as 'selection' and 'non selection posts'. The basis of promotion for 'selection posts' is merit, which is judged on the basis of a person's past performance, service record, character roll, oral or written test, etc. In regard to 'non selection posts', the basis is seniority subject to fitness.

Central Road Transport Corporation have, however, stated that the promotion rules are currently being revised on the basis of the Model Principles and that a draft of these rules would be made available to the different recognised unions of the company for comments before finalisation.

### 8. *National Small Industries Corporation Limited*

National Small Industries Corporation have stated that a Committee has been appointed in the Corporation to go into the question of recruitment and promotion rules of workers and the Model Principles have been referred to that Committee for exploring the possibility of incorporating the same in its recommendations. The Committee is yet to furnish its report. The matter is being pursued.

### 9. *National Building Construction Corporation Limited*

NBCC Limited, have stated that their recruitment rules are being revised. They propose to associate the representatives of the National Buildings Construction Corporation Limited Workers Unions and the Officers' Association for finalisation of the Service Rules. The company has been asked to report progress.

### 10. *Engineering Projects (India) Limited*

Engineering Projects (India) Limited, have stated that their organisation completed 2 years' existence recently and so far there has been no occasion for promotions to persons who come under the purview of Industrial Disputes Act. They have forwarded a copy of the Promotion Rules, which is supplied to each employee at the time of recruitment. It has been stated that a performance appraisal scheme best suited to the corporate objective and 'organisational culture' of the company is being framed and that, in future, as and when occasion for promotion arose, such of the principle, as are applicable would be adhered to.

A perusal of the Promotion Rules shows that some of the Model Principles, viz., eligibility for promotion criteria for promotion and Promotion Committee, are partly covered by it. Engineering Projects (India) Limited, have however, been requested to incorporate the principles, such as merit rating, training of workers communication of reasons for non-selection, representation of grievances regarding promotion, etc., in their Services Rules.

### 11. *Bharat Pumps & Compressors Limited*

Bharat Pumps & Compressors Limited have stated that their project is still at construction stage and that their rules and regulations are being finalised and that the Model Principles would be duly incorporated in their Recruitment and Promotion Rules.



## 12. *Central Inland Water Transport Corporation*

Central Inland Water Transport Corporation Limited, have forwarded a copy of their draft Recruitment & Promotion Rules, which was to be placed before their Board of Directors for approval. An examination of the contents of the Draft Rules indicates that:

- (a) posts in the company have been categorised and classified prescribing minimum qualifications and experience,
- (b) method and mode of recruitment have been prescribed; vacancies upto Class II are to be filled up by departmental promotion. With regard to Class I also, 50 per cent vacancies are generally reserved for departmental promotees.
- (c) posts carrying a scale of Rs. 210—475 and above are treated as selection posts, which are to be filled up by Managing Director or by Selection Committees constituted by him.
- (d) the criteria applied for selection posts is merit which is defined as based on person's past performance, service record, confidential character roll, oral or written test, etc. In regard to non-selection post the basis of promotion shall be seniority, subject to fitness, etc.

It may be observed that while some of the Model Principles, such as classification and categorisation of posts, criteria for promotion etc. have been taken into account, the more important provisions, such as

- (i) consultations with unions before formulating promotion policy
- (ii) training of workers
- (iii) provision for appeal and representation by an aggrieved individual or a trade union in promotion matters, etc.

do not appear to have been given due consideration. The company management has been requested to keep these factors also in view while finalising the promotion policy.

## 13. *Hindustan Salts Limited*

### 14. *Sambhar Salts Limited*

Hindustan Salts Limited have stated that recruitment rules in respect of regular employees in their undertaking as well as in Sambhar Salts Limited (their subsidiary) have been drafted. In

the draft rules, which has been placed before the Company's Board for consideration, points contained in the Model Principles regarding classification and categorisation of posts, eligibility for promotion promotion committees, merit-rating, criteria for promotion etc. have been incorporated and after obtaining the Boards' approval wide publicity would be given.

It may be observed that the basic provision in the Model Principles, that the drafting of the promotion procedure or the adaptation of any model procedure must be preceded by the fullest possible consultations with workers union etc., does not appear to have been followed. The company management has been asked to clarify the position.

#### 15. *Hindustan Organic Chemicals Limited*

Hindustan Organic Chemicals Limited have stated that they have not yet finalised their Recruitment and Promotion Rules and that while doing so they would take into consideration the Model Principles. This will be pursued with the Company.

#### 16. *Madras Fertilizers Limited*

Madras Fertilizers Limited have stated that they have not framed their Recruitment and Promotion Rules and while doing so they would take into consideration the Model Principles. The matter will be pursued with the company.

#### 17. *Cochin Refineries Limited*

Cochin Refineries Limited, have stated that their promotion policy has been re-drafted on the basis of Model Principles and that implementation of this policy is pending further consultation with the union.

#### 18. *India Tourism Development Corporation Limited*

India Tourism Development Corporation Limited have informed that all the units of the Corporation have been advised to frame rules relating to promotion on the same lines as indicated in the Model Principles.

### 19. *Hindustan Cables Limited*

Hindustan Cables Limited have stated that their company negotiated a detailed promotion policy with the recognised union as well as two other unions operating in the Company, but a fourth union disassociated themselves from the discussion; the policy evolved was, however, put into operation from June 1970. They have further stated that as in the course of the operation of the promotion policy, difficulties in implementation have arisen and there is even dissatisfaction among workers, the Company propose to make suitable modifications or amendments shortly in consultation with all the unions operating the Company.

A further report received from the Company indicates that a revised promotion policy has since been circulated to all the four trade Unions. The revised policy, however, could not be finalised as no unanimity among the unions has been reached. The discussions with the unions are stated to be still in progress. The Company will report further progress.

### 20. *Tannery & Footwear Corporation Limited*

Tannery & Footwear Corporation Limited have stated that in their organisation which is a leather and shoe manufacturing concern, they employ workers on piece wage rates and their earnings are related to productivity; hence there is no question of promotion to such employees. The Corporation have two other categories, viz., daily-rated and monthly rated staff in respect of whom promotion policy is yet to be framed ; however, in laying down so, they would take the best advantage of Model Principles. They have added that at present efforts are being directed to rationalise the wage structure and after this is finalised the Corporation would formulate the promotion policy.

A further report received indicates that the Company management has given Notice of Change to the workers under Section 4—I of the U.P. Industrial Disputes Act and that the workers are being persuaded to accept the rationalised wage-structure.

### 21. *National Seeds Corporation Limited*

National Seeds Corporation Limited have stated that Recruitment Rules of the Company are being revised and are under consideration of a sub-committee of the Board of Directors. The Sub-committee has held 3 meetings in which representatives of Trade Unions|Staff Association have been given opportunities to express

their views. Members of the Sub-committee have been given copies of Model Principles for due consideration. The rules are yet to be finalised and a further report would follow in due course.

## *22. Indian Airlines Corporation*

IAC have stated that Recruitment & Promotion Rules are already in process of revision and the same are being discussed in the Joint Council comprising the representatives of the Management and the Unions/Associations. The Joint Council has set up a sub-committee to go into the matter in detail. Further developments will be watched.

## APPENDIX XI

(Vide reply to recommendations at Sl. Nos. 29 and 30—Chapter II)

No. 9(100)|71—BPE(GM I)

GOVERNMENT OF INDIA .. . . .

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 27th October, 1972.

### OFFICE MEMORANDUM

SUBJECT: *Personnel Departments in Public Enterprises.*

The Parliamentary Committee on Public Undertakings (1971-72) in their 17th Report on "Personnel Policies and Labour-Management Relations in Public Undertakings" have made the following two recommendations, with regard to the organisation of Personnel Department and the aspects which the officers of the Personnel Department should keep in view in the discharge of their duties, etc. The recommendations in question are reproduced below:—

*"Recommendation No. 29—*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 Director|Manager and the officers in his Organisation, the Committee recommend, should be well versed in industrial relations commanding consider-

able 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.

*Recommendation No. 30*—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."

These are unexceptionable recommendations and Government have accepted them. Ministry of Industrial Development, etc, may please instruct the Public Enterprises under their administrative control to operate on the basis of the recommendations mentioned above.

Sd/-

R. SRINIVASAN,

Director, Bureau of Public Enterprises.

To

All Ministries|Departments of the Govt. of India.

Copy to:

- (i) The Comptroller & Auditor General of India.
- (ii) Adviser (C)|Adviser (F)|Adviser (P)|Director (I&R)|  
DS(C), Bureau of Public Enterprises.
- (iii) Heads of Expenditure Divisions in the Deptt. of Expenditure.
- (iv) Finance Ministry's representatives on the Boards of Public Enterprises.
- (v) Chief Executives of Public Enterprises.

Sd/-

**R. SRINIVASAN,**

*Director, Bureau of Public Enterprises.*

## APPENDIX XII

(Vide reply to recommendations at Sl. Nos. 31, 32, 33 and 34—  
Chapter II)

No. 9(100), 71-BPE (GM. I)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 23rd October, 1972

### OFFICE MEMORANDUM

**SUBJECT:—***Appointment of non-Indian personnel to posts in Public Enterprises.*

In their 17th Report on "Personnel Policies and Labour-Management Relations in Public Undertakings" the Committee on Public Undertakings (5th Lok Sabha) have made some important recommendations regarding the engagement of foreign personnel in public enterprises. The main thrust of the Committee's recommendation is on the necessity of ensuring that such personnel are engaged only for essential purposes and for only the minimum necessary periods. At the same time, efforts should be made to train up Indian personnel in priority areas such as drawing, designing and priority works so that they achieve self-reliance in these respects. Recommendations of the Committee have been considered. The following instructions need to be complied with by the administrative Ministries and public enterprises in this regard.

- (i) The Committee have desired that instructions issued by the Government *vide* Ministry of Home Affairs O.M. No. 12/9/65—Ests(B), dated 23-2-1966 (Annexure) should be observed not merely in letter but also in spirit. This may be ensured. In particular attention is invited to the following points included in the aforesaid instructions:—
  - (a) Appointment of non-Indians should be made only in very exceptional circumstances, and then also only on contract for the minimum period necessary.



- (b) Simultaneously, suitable steps should be taken to train Indians to fill such posts on regular basis.
- (c) Prior approval of the Minister incharge of the Deputy Minister of the Ministry/Department which is in administrative control of the concerned public enterprise, is required in cases of appointments of non-Indians.
- (ii) Before according the approval to the engagements of foreign personnel, the administrative Ministry in charge will explore the possibility of obtaining the requisite expertise from another public enterprise engaged in the same similar or related line of manufacture. They may also make attempts to obtain services of Indians who have been working abroad in similar fields and have acquired expertise in the areas concerned.
- (iii) Vigilance will be exercised to see that the Indian personnel attached to the non-Indians are enabled to pick up during the contract period the intricacies of the work especially in priority areas such as drawing designs and operational work and achieve self-reliance. To obviate the extension of the contract periods in respect of foreign personnel as far as possible, periodical reviews should be regularly conducted both at the enterprises' and the administrative Ministries|Departments level, to evaluate the progress made in training Indian personnel. Such reviews may be conducted at least once in six months.

The reviews at the administrative Ministry level may be conducted on the basis of information obtained from the undertaking on a proforma prescribed by the Ministry in consultation with the undertaking.

2. Ministry of Industrial Development, etc. are requested to advise the public enterprises under their administrative control on the above lines.

Sd|-

S. KRISHNA MOORTHY,

*Under Secretary to the Government of India.*

To

All Ministries|Departments of the Government of India.

Copy to:

- (i) The Comptroller & Auditor General of India
- (ii) Adviser (c) | Adivser (f) | Adviser (P) | Director (IR) | DS(C), BPE.
- (iii) Heads of Expenditure Divisions in the Department of Expenditure.
- (iv) Finance Ministry's representatives on the Boards of Public Enterprises.
- (v) Chief Executives of all public enterprises.

Sd/-

S. KRISHNA MOORTHY,

*Under Secretary to the Government of India.*

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#### ANNEXURE

Copy of Home Affairs' A.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 November, 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 O.M. of even number dated the 17th 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 of 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 a 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 Secretary to the Government of India.*

## APPENDIX XIII

(Vide Reply to Recommendation at Sl. No. 48—Chapter II)  
No. 658-Adv (C)/Cir-91/71

GOVERNMENT OF INDIA (BHARAT SARKAR)  
MINISTRY OF FINANCE (VITTA MANTRALAYA)  
BUREAU OF PUBLIC ENTERPRISES (SARKARI UDYAM KARYALAYA)  
(Construction Division) (Nirman Prabhag)

*F-Wing, Nirman Bhavan,  
New Delhi, dated the 14th July, 1971.*

### OFFICE MEMORANDUM

**SUBJECT:—Industrial Housing Standards in Public Sector Undertaking—Revised.**

The Parliamentary Committee on Public Undertakings had in their Eighth Report (Third Lok Sabha) on Townships and Factory Buildings emphasised the need to reduce expenditure on townships and to lay down norms and standards for residential accommodation for adoption by the Public Sector Undertakings. It was stated in the Government's reply that the matter had been examined and revised scales of accommodation and pay ranges fixed with a view to achieving economy and communicated to public undertakings for adoption *vide* O.M. No. 378—Adv (C) |Cir-10|66 dated 2nd December, 1966. The Committee, after considering Government's reply have further recommended in their 19th Report (Fourth Lok Sabha) that the existing six categories of houses should be reduced to four. The matter has been examined and it has not been decided in supersession of the previous instructions on the subject that the future construction of residential buildings should conform to the following standards and pay ranges:—

| Type | Plinth Areas (Sq. Ft.)                     | Pay Range          |
|------|--|--------------------|
| A    | 385  | Up to Rs.300       |
| B    | 600  | Rs. 301-700        |
| C    | 900  | Rs. 701—<br>1400   |
| D    | 1500<br>+ 200<br>(Servant's room and W.C.) | 1401 and<br>above. |

Note:(a) The plinth areas indicated above are exclusive of staircase components. Pay ranges are exclusive of the dearness pay as well as increases due to Wage Board Awarded since December, 1966.

(b) Garages (215 sq. ft. each) may be provided on 100 per cent basis for all officers drawing a salary of Rs. 2001| and above as well as for Heads of Departments. For the remaining officers entitled to Type-D quarters, garages may be provided on 50 per cent basis.

The revised scales of accommodation should be adopted with immediate effect for all future construction in all the Public Sector Undertakings.

The Ministry of Industrial Development, Internal Trade and Company Affairs etc., are kindly requested to bring this to the notice of all Public Sector Undertakings under their administrative control for adoption.

Sd|-

A. N. BANERJI,  
*Addl. Secretary to the Govt. of India  
 and Director General Bureau of Public  
 Enterprises*

To

All Ministries|Departments of the Govt. of India  
 All FAS in the Department of Expenditure  
 All Public Sector Undertakings & their units.

## APPENDIX XIV . .

(Vide reply to recommendation at Sl. No. 50-Chapter II)

No. BPE(C) Genl. 94/72|Cir-98/72

GOVERNMENT OF INDIA (BHARAT SARKAR)

MINISTRY OF FINANCE (VITTA MANTRALAYA)

BUREAU OF PUBLIC ENTERPRISES (SARKARI UDYAM KARYALAYA)

(CONSTRUCTION DIVISION) NIRMAN PRABHAG

*F-Wing, Nirman Bhavan,*

*New Delhi, the 14 June, 1972.*

### OFFICE MEMORANDUM

**SUBJECT:**—*Allocation of lands in townships of public undertakings  
.... for Cooperative Housing Societies consisting of their  
employees.*

The question of making available lands and houses in townships of public undertakings to private sector auxiliary and allied industries was examined by Government and the legal advice obtained in the matter was circulated to all public undertakings vide O.M. No. 595-Adv(C)|Cir-90/71 dated 15th June, 1971.

2. The question of utilising surplus lands in townships of public undertakings has been further examined and it is felt that it would be desirable to promote formation of Cooperative Housing Societies consisting of employees of the public undertakings to whom lands may be allotted in their townships either by the undertaking directly and through State Government depending upon the terms of allotment of land. The layout plans for such lands could be approved by the public undertakings (with the concurrence of the State Governments concerned, if local conditions so demand) in order to ensure that the development takes place in a planned manner. It is necessary that such Cooperative Societies should be made responsible for development of lands allotted to them. A reasonable time limit for construction of houses by members of Cooperative Society could also be laid. Construction of houses by

such Cooperative Housing Societies would have the following advantages:—

- (a) Construction of private houses in the area near the township of the undertakings would reduce pressure on the construction of houses by the public undertakings and reduce the capital outlay as well as the annual expenditure on their maintenance.
- (b) Construction of houses by such Cooperative Societies would foster a sense of belonging on the part of employees and encourage their active participation in the community welfare activities of the township.

3. Formation of such Cooperative Housing Societies would necessitate the provision of common services like roads, sewage disposal and water supply by the public undertakings. So far as the bulk water supply and sewage disposal are concerned, these may have to be integrated by the public undertakings with the bulk services of their townships. The cost of such services could be added to the cost of land at the time of transfer of undeveloped lands to the societies.

4. The Ministry of Industrial Development etc. are kindly requested to bring this to the notice of the public undertakings under their administrative control and request them to examine the possibility of encouraging construction of houses by Cooperative Housing Societies consisting of their employees where surplus lands are available. In case of new townships, the public undertakings may earmark some land for construction of houses by such Cooperative Societies.

Sd/- A. N. BANERJI,

*Addl. Secretary to Govt. of India. and*

*Director General, Bureau of Public Enterprises 14-6-1972.*

To

All Ministries/Departments of the Government of India.

All FAs, in the Department of Expenditure.

All Public Sector Undertakings and their units.

## APPENDIX XV

(Vide further reply to recommendation at Sl. No. 50—Chapter II)

No. BPE (I&R)|22(2)|72

BHARAT SARKAR

GOVERNMENT OF INDIA (BHARAT SARKAR)

MINISTRY OF FINANCE (VITTA MANTRALAYA)

SARKARI UDYAM KARYAL'AYA

BUREAU OF PUBLIC ENTERPRISES

SUCHNA VA ANUSANDHAN PRABHAG

(INFORMATION & RESEARCH DIVISION)

'F' Wing Nirman Bhavan

New Delhi-11.

Dated, the 17 January, 1973:

### OFFICE MEMORANDUM

**SUBJECT:—***Recommendations of the Committee on Public Undertakings (Fifth Lok Sabha) on Personnel Policies and Labour Management Relations in Public Enterprises.*

The Committee on Public Undertakings (Fifth Lok Sabha) in their 17th Report on Personnel Policies and Labour Management Relations in Public Enterprises have made several recommendations relating to the welfare of the employees, e.g. promotion of Cooperative Thrift and Housing Societies, provision of adequate transport, educational and medical facilities, canteens which provide nutritious meals at reasonable cost, establishment of handicraft centres to augment the income of the families of the workers, etc. The recommendations of the Committee and the Government's replies in regard to the recommendations are enclosed as annexure to this Office Memorandum. (The other recommendations of the Committee regarding grievance procedure, motivation of workers, worker's participation and involvement in production etc. have been communicated to the Ministries|Departments separately for their information|implementation).



2. The Ministry of Industrial Development etc. are requested to bring the above to the notice of the public undertakings under their administrative control, through suitable instructions for their guidance. Copy of the instructions issued may be endorsed to the Bureau of Public Enterprises.

Sd/- Y. P. PASSI,  
*Director.*

To

1. All Ministries|Departments of the Government of India.

Copy to:—(2) Heads of Division, BPE.

(3) All Heads of Division in the Deptt. of Expenditure.

(4) The Comptroller & Auditor General of India.

## APPENDIX XVI

(Vide reply to recommendation at Sl. No. 55—Chapter II)  
*Norms for opening new Kendriya Vidyalayas*

1. Proposals for opening new Kendriya Vidyalaya will be considered only:—

- (i) When requests are received from any of the following:—
  - (a) Ministries or Deptts. of the Government of India.
  - (b) State Governments.
  - (c) Union Territory Administrations.
  - (d) Organisation of employees belonging to the eligible categories.
- (ii) When a piece of land, measuring about 15 acres, is made available by the Sponsoring Authority, free of cost to the Sangathan.
- (iii) When there is a concentration of at least 500 employees of the Defence Services, or of Central Government Transferable Employees or of the Government of India Undertakings, individually or jointly, and when there are at least 200 children willing to be enrolled in different class of the proposed Kendriya Vidyalaya to begin with.

2. A new Kendriya Vidyalaya can also be opened if any of the Government of India Undertakings agree, to pay the entire expenditure recurring and non-recurring including future developmental charges on the proposed Kendriya Vidyalaya and when conditions 1 (ii), (iii) above are fulfilled.

## APPENDIX XVII

(Vide reply to recommendation at Sl. No. 44—Chapter III)  
No. 2(142)|68-EPE(GM)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 6th September, 1968

### OFFICE MEMORANDUM

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

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

approval of Government, they would naturally have to be followed.

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

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

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

Taking into account all the factors it has been decided that while Public Enterprises should not deviate from the house rent allowance admissible, under Central Government rules in places other than 'A' class cities 25 per cent of basic pay should be the ceiling rates for the house rent allowance payable by the enterprises themselves over and above 10 per cent to be borne by the employees, to all employees of Public Enterprises irrespective of pay, stationed at the major 'A' class cities of Delhi, Calcutta and Madras. In Bombay, the corresponding ceiling of H.R.A. could be 30 per cent of pay for all the employees.

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

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

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

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

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

In addition to Chief Executives, whole-time Functional Directors as well as incumbents of other top level appointments which are within the purview of Government may be allowed the above facility of the Company's car. But in respect of these posts, whenever it is considered that this concession should be allowed, it should be written into the term of the appointment.

As regards other senior appointments, made by the Boards themselves, the concession of a car for exclusive use should not be extended to the concerned officers; it would, however, be for the Boards

to consider whether any conveyance allowance should be given in appropriate cases.

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

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

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

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

3. Ministry of Petroleum and Chemicals, etc. are requested to suitably communicate the above guidelines to the Public Enterprises under their administrative control. It is also requested that a copy of the rules obtaining in the various Public Enterprises on the subjects indicated in para 1 may in due course be forwarded to the Bureau of Public Enterprises for facilitating dissemination of information in these areas. The amendments carried out by the enterprises in regard to these rules would also have to be intimated to the Bureau of this purpose.

Sd|-

P. K. BASU

Director, Bureau of Public Enterprises.

To

All Ministeries|Departments of the Govt. of India.

Copy to:

- (1) All F.As in the Expenditure Deptt.
- (2) Adviser (P)|Adviser (C)|Adviser (F)|DS (1 & R).  
Bureau of Public Enterprises.

Sd|-

P. K. BASU

*Director, Bureau of Public Enterprises*

## APPENDIX XVIII

(Vide reply to recommendations of S. Nos. 35, 36, 40 and 41--  
Chapter IV)

### Guidelines of the Schemes for Workers' Participation in Management.

(1) The scheme for inclusion of workers' representative Director in the Boards of Management of Public Sector Undertakings should be introduced subject to the following conditions:—

- (i) there is a duly recognised union in the undertaking, whether under the Code of discipline or under law;
- (ii) the office-bearers of the recognised union are predominantly workers in the undertakings;
- (iii) the representative sponsored by the recognised union, for appointment as a workers' director, is actually a worker employed in the undertaking; and
- (iv) relations in the undertaking, as between the management and the recognised union, have remained cordial with a tradition of mutual settlements of disputes.

(In the case of multi-unit undertaking, having a Central Board of Management, the workers' representative may be selected by rotation from each plant, where however, any of the plant has no recognised union the workers of that plant would have to go without their turn.)

(2) Subject to the criteria specified in item (i) above, the actual selection of a unit for introduction of the scheme as well as the workers' representative to be nominated on the Board of Management will be made by the administrative Ministry concerned in consultation with the Deptt. of Labour and Employment.

(3) Election of Workers' representatives for nomination on the Boards of Management of appropriate public sector undertakings would be neither practicable nor desirable under the existing conditions in the country. Instead, the recognised union should be asked to submit the panel of names of three persons satisfying the pres-



cribed conditions and qualifications, from whom the Government would select one for nomination as Director.

(4) Persons to be included in the panel of three to be submitted by the recognised union should have attained the age of 25 years; they should have put in a minimum service of five years in the undertaking; they should be workers actually employed in the undertaking; they should not be subject to any pending disciplinary action against them at the time of their appointment as Director; they should not be persons who would attain the age of superannuation during their tenure of appointment as Director, and, while not necessarily possessing any formal minimum educational qualification, they should have a measure of knowledge and experience of working of the industry and of employer employee relationship.

(5) The Scheme for appointment of a worker-Director should be introduced immediately in the Hindustan Antibiotics Ltd., Pimpri, where there has been a tradition of cordial employer employee relations over a fairly long time and the other conditions are also satisfied; the Ministry of Petroleum and Chemicals have agreed to this.

(6) The worker-Director should continue to be workman on the shop floor and be subject to the normal rules of discipline of the undertaking concerned; this would enable him to be in close touch with fellow workers and represent their points of view adequately and effectively.

(7) The worker-Director so appointed should be entitled, in addition to his remuneration as a worker, to the fees and allowances admissible to the other part-time non-official Directors of the undertaking.

(8) The appointment of a worker-Director should be made for a period of two years at a time which can be extended for a further period of two years, provided the person so appointed continues to be a worker and the union sponsoring him continues to be recognised; the worker-Director would cease to hold office if he ceases to be a worker or if the union nominating him ceases to be recognised, before the expiry of the full term of such worker-Director. Also, when for any reason, the recognised union is itself derecognised the union that may eventually be recognised in its place may then furnish a fresh panel of representatives for selection of the worker-Director by Government.

## APPENDIX XIX

(Vide para 4 of Introduction)

Analysis of the action taken by Government on the recommendations contained in the Seventeenth Report of the Committee on Public Undertakings (Fifth Lok Sabha)

|    |  |       |
|----|--|-------|
| 1. | Total Number of recommendations . . . . .  | 17    |
| 2. | Recommendations that have been accepted by Government ( <i>Vide</i> recommendations at Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 39, 42, 43, 45, 46, 47, 48, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 64, 65 and 66.) |       |
|    | Number . . . . .   | 57    |
|    | Percentage of total . . . . .  | 80.3% |
| 3. | Recommendations which the Committee do not desire to pursue in view of Government's replies ( <i>Vide</i> recommendations at Sl. Nos. 37, 38, 44, 49, 63, 67, 68, 69, 70, and 71.) . . . . .   |       |
|    | Number . . . . .   | 10    |
|    | Percentage of total . . . . .  | 14.1% |
| 4. | Recommendations in respect of which replies of Government have not been accepted by the Committee ( <i>Vide</i> recommendations at Sl. Nos. 35, 36, 40 and 41.) . . . . .  |       |
|    | Number . . . . .   | 4     |
|    | Percentage of total . . . . .  | 5.6%  |
| 5. | Recommendations in respect of which final replies of Government are still awaited . . . . .  |       |
|    | Number . . . . .   | NIL   |
|    | Percentage of total . . . . .  | NIL   |