

SIXTH REPORT
COMMITTEE ON PETITIONS
(FIFTEENTH LOK SABHA)

MINISTRY OF HEAVY INDUSTRIES & PUBLIC
ENTERPRISES

(Presented to Lok Sabha on 6.5.2010)



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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE ON PETITIONS	(iii)
1. INTRODUCTION	(v)
2. REPORT	
I. Action taken by the Government on the recommendations of the Committee on Petitions (Fourteenth Lok Sabha) in their 34th Report on the petition requesting for payment of pay revision arrears for the period from 01.01.1992 to 31.12.1998 to VRS employees of Instrumentation Limited, Kota, Rajasthan ...	1
II. Action taken by the Government on the recommendations of the Committee on Petitions (Fourteenth Lok Sabha) in their 44th Report on the representation of Shri A.D. Nagendrappa, President, HMT SC/ST Ex-Employees Welfare Association, Bangalore regarding payment of salary arrears	9
ANNEXURE	
Minutes of the Thirteenth Sitting of the Committee held on 04.05.2010	14

COMPOSITION OF THE COMMITTEE ON PETITIONS
(2009-2010)

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SIXTH REPORT OF THE COMMITTEE ON PETITIONS
(FIFTEENTH LOK SABHA)

INTRODUCTION

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

- (i) Action taken by the Government on the recommendations of the Committee on Petitions (Fourteenth Lok Sabha) in their 34th Report on the petition requesting for payment of pay revision arrears for the period from 01.01.1992 to 31.12.1998 to VRS employees of Instrumentation Limited, Kota, Rajasthan.
- (ii) Action taken by the Government on the recommendations of the Committee on Petitions (Fourteenth Lok Sabha) in their 44th Report on the representation of Shri A.D. Nagendrappa, President, HMT SC/ST Ex-Employees Welfare Association, Bangalore regarding payment of salary arrears.

2. The Committee considered and adopted the draft Fifth Report at their sitting held on 04th May, 2010.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;
4 May, 2010
14 Vaisakha, 1932 (Saka)

ANANT GANGARAM GEETE
Chairman,
Committee on Petitions.

CHAPTER I

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS (FOURTEENTH LOK SABHA) IN THEIR THIRTY FOURTH REPORT ON THE PETITION REQUESTING FOR PAYMENT OF PAY REVISION ARREARS FOR THE PERIOD FROM 1.1.1992 TO 31.12.1998 TO VRS EMPLOYEES OF INSTRUMENTATION LIMITED, KOTA, RAJASTHAN

1.1 The Committee on Petitions (Fourteenth Lok Sabha) in their Thirty Fourth Report presented to Lok Sabha on 30 November 2007 had dealt with a petition requesting for payment of pay revision arrears for the period from 1.1.1992 to 31.12.1998 to VRS employees of Instrumentation Limited, Kota, Rajasthan.

1.2 The Committee had made certain observations/recommendations in their Report on the subject. The Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) were requested to implement those recommendations and furnish the action taken replies thereon for the consideration of the Committee.

1.3 The Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) *vide* their O.M. No. 15(5)/2005/PE-VIII dated 16 July 2009 have furnished the action taken replies in respect of their observations/recommendations contained in the Report.

1.4 The Committee will now deal with the action taken replies furnished by the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry).

1.5 In para 18 of the Report, the Committee had observed as follows:—

"The Committee note from the submission of the petitioner that 2,100 voluntarily retired employees of Instrumentation Limited, Kota, Rajasthan have not yet been paid the pay revision arrear *w.e.f.* 01.01.1992 to 31.12.1998 whereas the Government had declared pay revision for 01.01.1992 in February 2000. The Petitioner has further submitted that the Government of India have provided financial assistance of crores of rupees to the company several times. However, the company always stated that this money is for the assistance of the company and they have kept Rs. 16 crores for the revival plan, which has been sent to the Government of India for approval. Till date Rs. 60,000 has been paid as pay revision arrears of 01.01.1992 to the employees working in the company, whereas the company has made no payment to the employees who have voluntarily retired from the company. The petitioner, therefore, requested for release of Rs. 16 crores from out of the special fund proposed for the revival plan of the company so that the amount can be paid to the voluntarily retired."

(Para 18)

1.6 In their action taken reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"The Committee on Petitions has observed that Government had approved implementation of 1992 scales of pay for employees of Instrumentation Limited, in February 2000 and based on that, while the existing employees of the company have been paid Rs. 60,000 as arrears of pay revision for the period from 1.1.1992 to 31.12.1998 no arrear payment has been made to 2100 voluntarily retired employees of the company and, therefore, out of the special fund proposed for revival of the company, Rs. 16 crores should be released so that the amount can be paid to the voluntarily retired employees.

Government approval for implementation of the 1992 scales of pay for employees of Instrumentation Ltd. *w.e.f.* 1.1.1999 was conveyed in February 2000 subject to the condition that no budgetary support would be provided to the company by the Government to meet the additional liability arising out of the said pay revision and arrears of pay and allowances for period from 1.1.1992 to 31.12.1998 should be paid later only through internal generation of the resources as and when the company makes profit. Thus, payment of pay revision arrears for the period from 1.1.1992 to 31.12.1998 has to be considered by the company and such payment is contingent on the company making profit and generating adequate intend resources to meet the liability. Since the company continues to be a sick unit and has been incurring losses continuously for more than 10 years now, it has not been possible for it to pay the arrears to any of its existing or voluntarily retired employees, as indicated in para 7 of the report under reference. The employees who opted for retirement under the Voluntary Retirement Scheme (VRS) implemented by the company from time to time from 1.1.1992 to 31.12.1998 have, however, been paid enhanced terminal benefits of *ex-gratia*, gratuity, leave encashment, etc. as per the revised pay scales and by and large, they have received about Rs. 8 lakhs to Rs. 10 lakhs each as VRS compensation, apart from their Provident Fund dues, etc. Regarding release of Rs. 16 crores from out of the special fund for revival of the company, it is submitted that no such special fund has been earmarked by the company out of the funds released by the Govt. from time to time for specific purposes.

As mentioned above, Government approval for implementation of the 1992 scales of pay for employees of Instrumentation Ltd. *w.e.f.* 1.1.1999 was conveyed in February 2000 subject to the condition that no budgetary support would be provided to the company by the Government to meet the additional liability arising out of the said pay revision and the arrears of pay and allowances for period from 1.1.1992 to 31.12.1998 should be paid later only through internal generation of resources as and when the company makes profit. Thus, arrear on account of pay revision for the period from 1.1.1992 to 31.12.1998 has to be paid by the company out of its own resources. Therefore, the provision on this account has not been made in the revival package of ILK approved by CCEA on 11.02.2009."

1.7 In para 19 of the Report, the Committee had observed as follows:—

"The Committee were informed by the Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry that Instrumentation Limited (IL), Kota, a wholly owned Government of India company was incorporated in March 1964 to cater to the control and instrumentation needs of Core Sector Process Industries. It was a profit making and dividend paying company till 1988-89. The company started making losses from 1991-92 and was declared as sick company by Board for Industrial and Financial Reconstruction (BIFR) in October 1993. To revive the Company, a Rehabilitation Scheme was approved by BIFR in March 1999 involving financial assistance and reliefs. It was also envisaged that the wages would be frozen at 1992 level of wage structure (as per Department of Public Enterprises guidelines) and payment of arrears will only be made when the company makes profits and such payment would be through internal generation. The scheme sanctioned by BIFR in 1999 also envisaged revision of pay scales *w.e.f.* 01.01.1992. The guidelines for 1992 pay revision were issued by the Department of Public Enterprises on 19.07.1995, which stipulated that for Sick Public Sector Enterprises registered in BIFR, pay revision and grant of other benefits would be allowed only if it is decided to revive the Unit. The revival package should include the enhanced liability on this account. The conditions also prescribed that there shall be no increase in labour cost per physical unit of output. The Government shall not provide any budgetary support to the Public Sector Enterprises for meeting the enhanced liability. Requisite resources for the pay increases may be found from within the own internal generation by the undertaking concerned."

(Para 19)

1.8 In their action taken reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"The position indicated in this paragraph is the facts of the case. The Rehabilitation Scheme implemented with the sanction of the Board for Industrial and Financial Reconstruction (BIFR) in 1999 did not enable the company to come out of the red and further efforts were made for the revival of the Company.

On the basis of recommendation of BRPSE in its meeting held on 26.05.2006, a revival package in respect of ILK was submitted before CCEA on 01.03.2007 seeking its approval for placing before BIFR. CCEA in turn, referred the proposal to COS for their recommendations. The COS considered the proposal for revival of ILK in its meetings on 10.04.2007, 29.04.2008 and 10.01.2009.

The COS in its meeting held on 10.01.2009 discussed in detail the different features of revival package of ILK and recommended the same. On the basis of the recommendation of COS, a revised proposal was sent on 06.02.2009 for consideration of CCEA. The CCEA in its meeting held on 11.02.2009 considered the revised proposal and approved the revival package of the company involving total cost of about Rs. 652.72 crores which includes cash infusion of Rs. 103.36 crores in addition to waiver and write off of GoI loan and interest thereon amounting to Rs. 504.36 crores and Government Guarantee

of Rs. 45.00 crore implementation of 1997 wage revision and enhancement of retirement age from 58 years to 60 years. Cash infusion of Rs. 103.36 crore includes budgetary support of Rs. 35 crore for redemption of VRS bonds, payment of annual interest of Rs. 3.36 crores in December 2009 and a provision of Rs. 10 crores as 3.5% redeemable preference shares, to be infusion of Rs. 55 crore will be provided by Bharat Heavy Electricals Limited (BHEL) as interest free advance which shall be adjusted during the relevant years against supplies to be made as per BHEL's order.

Since the arrears on account of pay revision for the period from 1.1.1992 to 31.12.1998 has to be paid by the company out of its own resources, therefore, the provision on this account has not been made in the revival package of ILK approved by CCEA on 11.02.2009."

1.9 In para 20 of the Report, the Committee had observed as follows:—

"The Committee were also informed that with a view to enabling the Public Sector Enterprises (PSEs) to right-size their manpower, the Department of Public Enterprises had spelt out the parameters *vide* their O.M. dated 05.05.2000 and 06.11.2001 on the basis of which the VRS could be formulated by the PSEs for their employees. In the light of these guidelines, the VRS had been implemented in Instrumentation Limited, Kota on regular intervals since 1992 to right size the manpower. It was, however, indicated in the Department of Heavy Industry's letter dated 08.12.1994 addressed to CMD, Instrumentation Limited that employees who opt for VR would be eligible for arrears on account of wage/ pay revision till the date they were in service of the Company including the enhancement in the *ex-gratia*. The Company has also clarified during January 1995 that the employees who opt for Voluntary Retirement would be eligible for arrears on account of wage/pay revision as and when announced and if made effective from a retrospective date, such arrears would be till the date they were in service of the Company including the enhancement in the *ex-gratia*. The financial position of the Company has not been sound being a BIFR referred Company. As such no payment has been made to any of the employees whether existing or ex-employees of the Company towards 1992 pay revision arrears for the period from 01.01.1992 to 31.12.1998. No other arrears/dues are outstanding for payment to the ex-employees except the pay revision arrears for the period from 01.01.1992 to 31.12.1998. The total financial liability on account of these arrears to VRS opted employees has been worked out to be Rs. 16.00 crores. With a view to consider payment of these arrears/dues to these ex-employees, provision has been included in the Draft Modified Revival Scheme (DMRS) circulated by BIFR in December 2003. The revival scheme which has been recommended by the Board for Reconstruction of Public Sector Enterprises (BRPSE) is under process for being placed before the competent authority for its decision. Since the financial position of the Company had not been sound and the Company being not in a position even to pay full salaries to its employees, the Department of Heavy Industry have been providing financial assistance to the Company from time to time towards payment of outstandings

related to employees' dues like part payment of salary and wages and related statutory dues to the existing employees. However, the Government has not given any financial assistance for payment of arrears on account of 1992 pay revision for the period from 01.01.1992 to 31.12.1998."

(Para 20)

1.10 In their action taken reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"The position indicated in this paragraph are largely facts of the case. Instrumentation Limited has been making losses from 1991-92 onwards. Since the company has not been in a position even to meet the expenditure on the salary of its existing employees, the liability thereon and that on other employees related statutory dues are being met by taking financial support from the Government from time to time. However, the employees who has opted for retirement under the Voluntary Retirement Scheme implemented by the company from time to time from 1.1.1992 to 31.12.1998 have already been paid enhanced terminal benefits like *ex-gratia*, gratuity, leave encashment, etc. as per the revised pay scales."

1.11 In para 21 of the Report, the Committee had observed as follows:—

"The Committee note from the submissions made by the Ministry of Heavy Industries, during the course of evidence that a Draft Modified Revival Scheme (DMRS), prepared by BIFR in December 2003 which includes provision of an amount of Rs. 16 crores towards the payment of arrears/dues of VRS employees, is pending before the Committee of Secretaries after which it would go before the Cabinet Committee on Economic Affairs. The Committee strongly deprecate that it took nearly five years for the Government to devise a Revival Scheme and that too without provision for prompt payment of pay revision arrears. The Committee also express their displeasure over the fact that the scheme prepared in December 2003 has not yet been approved by the Government even after lapse of nearly four years thereby causing avoidable hardship to thousands of helpless employees and ex-employees of Instrumentation Limited, Kota and their family members for no fault of theirs. The Committee are of the view that Government cannot absolve themselves of their responsibilities for taking adequate steps for welfare of labour as well as making sincere efforts to revive a company established with public money in case it starts running into losses."

(Para 21)

1.12 In their action taken reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"A comprehensive Modified Revival Scheme involving cash and non-cash assistance/relief of about Rs. 450 crores for rehabilitation of the company, including provision for settlement of the salary arrears of both the existing and ex-employees of Instrumentation Ltd., was submitted for consideration of the Cabinet Committee on Economic Affairs, which in its meeting held on

1.3.2007 had directed that the matter, in the first instance, be considered by the Committee of Secretaries. Based on the recommendations of CoS a revival package was submitted before the CCEA for its approval and CCEA in its meeting held on 11.2.2009 approved the revival package of the Company involving total cost of about Rs. 652.72 crore which includes cash infusion of Rs. 103.36 crore in addition to waiver and write off of GoI loan and interest thereon amounting to Rs. 504.36 crore and Government Guarantee of Rs. 45.00 crore, implementation of 1997 wage revision and enhancement of retirement age from 58 years to 60 years. Cash infusion of Rs. 103.36 crore includes budgetary support of Rs. 35 crore for redemption of VRS bonds, payment of annual interest of Rs. 3.36 crore in December 2009 and a provision of Rs. 10 crores as 3.5% redeemable preference shares, to be redeemed within 10 years, to be used for providing VRS to an estimated 100 employees. Remaining cash infusion of Rs. 55 crore will be provided by BHEL as interest free advance which shall be adjusted during the relevant years against supplies to be made as per BHEL's order."

1.13 In para 22 of the Report, the Committee had observed as follows:—

"The Committee, therefore, recommend that the Ministry should pursue the matter vigorously for an early resolution of the issue relating to payment of arrears to VRS employees which has been pending for long. The Committee would like to be apprised of the action taken by the Government in the matter within a period of three months."

(Para 22)

1.14 In their action taken reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"The employees who had opted for retirement under the Voluntary Retirement Scheme (VRS) implemented by the company from time to time from 1.1.1992 to 31.12.1998 have already been paid enhanced terminal benefits like *ex-gratia*, gratuity, leave encashment, etc. as per the revised pay scales.

As mentioned above, Government approval for implementation of the 1992 scales of pay for employees of Instrumentation Ltd. *w.e.f.* 1.1.1999 was conveyed in February 2000 subject to the condition that no budgetary support would be provided to the company by the Government to meet the additional liability arising out of the said pay revision and the arrears of pay and allowances for period from 1.1.1992 to 31.12.1998 should be paid later only through internal generation of resources as and when the company makes profit. Thus, arrears on account of pay revision for the period from 1.1.1992 to 31.12.1998 has to be paid by out of its own resources. Therefore, the provision on this account has not been made in the revival package of ILK approved by CCEA on 11.02.2009. However, the company has made provision of Rs. 100 crores and Rs. 5.00 crores during 2009 and 2010 for this purpose in the approved revival package."

Observations/Recommendations

1.15. Shri Basudeb Acharia, MP had presented to Lok Sabha a petition signed by Shri Umesh Purohit on 21 December, 2005. According to the petitioner, 2,100 voluntary retired employees of Instrumentation Limited, Kota have not yet been paid the pay revision arrears *w.e.f.* 01.01.1992 to 31.12.1998, whereas the Government had declared pay revision for 01.01.1992 in February 2000. However, even after lapse of 13 years from the date of pay revision, the Government of India and the Management concerned have not made any payment towards that impending arrears. The petitioner had, therefore, requested to expedite release of money from the special fund of revival plan sent by the company for voluntarily retired employees so that the amount could be paid to the said employees.

1.16. During the course of examination, the Committee were informed that with a view to enabling the Public Sector Enterprises to right-size their manpower, the Department of Public Enterprises had announced a Voluntary Retirement Scheme (VRS) on 05.10.1998, which was revised on 05.05.2000 to make it more efficacious having regard to the interests of the employee as well as the need to enable Public Sector Enterprises (PSEs) to rationalize their surplus manpower. The VRS had been implemented in Instrumentation Limited, Kota on regular intervals since 1992 to right-size the manpower. It was, however, indicated to the Company that the employees who opt for VRS would be eligible for arrears on account of wage/pay revision till the date they were in service of the Company including the enhancement in the *ex-gratia*. The Company was also informed that as far as payment of arrears from 01.01.1992 to 31.12.1998 is concerned, it will be made later when the company makes profit.

1.17. In their original report, the Committee had deplored the fact that the Government was taking a long time to decide on the Draft Modified Revival Scheme prepared by BIFR in December 2003 which included provision of an amount of Rs. 16 crore towards the payment of arrears of VRS employees and was pending before the Committee of Secretaries after which it would go before the Cabinet Committee on Economic Affairs (CCEA) for final decision. The Committee, therefore, recommended the Ministry to pursue the matter vigorously for an early resolution of the issue.

1.18. In their action taken replies the Ministry have now informed that a comprehensive Modified Revival Scheme involving cash and non-cash assistance/relief of about Rs. 450 crore for rehabilitation of the Company, including provision for settlement of the salary arrears of both the existing and ex-employees of Instrumentation Ltd., was submitted for consideration of the Cabinet Committee on Economic Affairs, which in its meeting held on 01.03.2007 had directed that the matter, in the first instance be considered by the Committee of Secretaries. Based on the recommendation of Committee of Secretaries (CoS) a revival package was submitted before the CCEA for its approval and CCEA in its meeting held on 11.2.2009 approved the revival package of the company involving total cost of Rs. 652.72 crore which includes cash infusion of Rs. 103.36 crore, in addition to waiver and write off of GoI loan and interest thereon amounting to Rs. 504.36 crore

and Government Guarantee of Rs. 45.00 crore, implementation of 1997 wage revision and enhancement of retirement age from 58 years to 60 years. Cash infusion of Rs. 103.36 crore includes budgetary support of Rs. 35 crore for redemption of VRS bonds, payment of annual interest of Rs. 3.36 crore in December 2009, and a provision of Rs. 10 crore as 3.5% redeemable preference shares, to be redeemed within 10 years, to be used for providing VRS to an estimated 100 employees. Remaining cash infusion of Rs. 55 crore will be provided by Bharat Heavy Electricals Limited (BHEL) as interest free advance which shall be adjusted during the relevant years against supplies to be made as per BHEL's order.

1.19. The Committee express their utter displeasure over the stand taken by the Government in terms of not providing any support in their decision taken on 11.02.2009 on the Modified Revival Scheme. The Committee regret to note that the aforesaid decision taken by the Government envisage a policy of VRS to 100 more employees and earmarks a specified amount for the same but fails to consider the rightful and just payment of arrears to about 2,100 employees, who have already opted for VRS during 1992 to 1998. The Committee, therefore, again reiterate their earlier stand and recommend the Government to expedite the release of Rs. 16 crore towards the payment of arrears. The Department should take the desired initiative in this regard immediately and inform the Committee accordingly.

CHAPTER II

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS (FOURTEENTH LOK SABHA) IN THEIR FORTY FOURTH REPORT ON THE REPRESENTATION OF SHRI A.D. NAGENDRAPPA, PRESIDENT, HMT SC/ST EX-EMPLOYEES WELFARE ASSOCIATION, BANGALORE REGARDING PAYMENT OF SALARY ARREARS

2.1. The Committee on Petitions (Fourteenth Lok Sabha) in their Forty Fourth Report presented to Lok Sabha on 17 December 2008 had dealt with the representation from Shri A.D. Nagendrappa, President, SC/ST Ex-Employees' Welfare Association, Bangalore regarding payment of salary arrears of ex-employees of HMT Limited, Bangalore.

2.2. The Committee on Petitions had made certain observations/recommendations in their Report on the subject. The Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) were requested to take action and furnish their replies for consideration of the Committee.

2.3. Action taken replies have been received from the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) in respect of all the observations/recommendations contained in the Report which have been given in the succeeding paragraphs.

2.4. In para 4.10 of the Report, the Committee had observed/recommended as follows:—

"The Committee note from the submission of the petitioner that the management of HMT revised the salaries of their employees from 01.01.1992. A voluntary retirement scheme was introduced in the Company and many employees opted for retirement with the hope that HMT would pay all the arrears and other consequential benefits in due course of time. However, the Company did not settle their legitimate dues. For payment of arrears, the employees approached the Courts. The Supreme Court on 07.08.2003 directed HMT to pay the arrears of pay revision. Despite directions from the Apex Court, the Company did not pay their dues which resulted in contempt proceedings against the Company. To avoid punishment by the Court, the management approached the Court seeking extension of time. The petitioner further stated that they have learnt that the Company has requested the Government to sanction 30 crores interest free loan to pay the arrears of salary. The petitioner, therefore, requested that the Committee on Petitions may intervene and direct HMT to pay the arrears of salary as per the orders passed by the Supreme Court."

(Para 4.10)

2.5. In their action taken reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"This is the submission of the petitioner before the Committee. In view of the content of recommendation at Sl. No. 4 Paragraph 11 no comments are being offered. However, a proposal for payment of outstanding 1992 wage/pay arrear has been included in the Revival Scheme of HMT Limited which has been considered by the Government and the Company has been asked to get the scheme technically vetted by a consultant before finalizing it."

2.6. In paras 4.11 and 4.12 of the Report, the Committee had observed/recommended as follows:—

"The Committee note from the reply of the Ministry of Heavy Industries and Public Enterprises that the 1992 pay revision for employees of HMT was implemented in 1995 with the condition that liabilities towards arrears from 01.01.1992 to 30.09.2005 will be paid only after improvement in the financial position of the Company. For release of arrears, the voluntarily retired employees approached various Courts. Ultimately, the employees approached the Supreme Court. The Supreme Court on 07.08.2003 directed the Company to disburse 55% of the arrears to all the employees as per their eligibility within three months and the balance amount in three equal annual installments. Due to continued critical financial position, the Company filed an Interlocutory Application before the Supreme Court in October, 2003 for modification of order dated 07.08.2003 and a review petition was also filed. On the directions of Supreme Court, a scheme was devised to settle pay arrears of the employees by disbursing 50 lakhs per month starting from May, 2005 in the order of seniority based on their date of separation from the Company. Accordingly, the Company has been making payment of 1992 pay revision arrears to eligible ex-employees every month from May, 2005 onwards in the order of seniority based on the date of voluntary retirement."

(Para 4.11)

"The Committee observe that HMT has been adhering to the directions of the Supreme Court and accordingly disbursing Rs. 50 lakhs per months towards arrears of pay to the voluntarily retired employees. Upto August, 2008, out of the total financial liability of Rs. 61.17 crores, the Company had paid Rs. 20.28 crores to the employees. The Committee trust that all the employees who retired voluntarily will receive their wage revision arrears in due course of time although the target is long. The Committee desire the Ministry to consider a comprehensive revamp plan to ensure a turn around for the HMT and provide it necessary assistance to implement the same by appropriate restructuring of its viable units. The Committee expect that with the improved financial position the Company would suitably enhance the amount presently being disbursed per month to the employees. The Committee would like to be apprised in the matter."

(Para 4.12)

2.7. In their reply the Ministry of heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

"A turn around plan was approved in the year 2000 for HMT Limited in an effort to revive the company. However, the turn around plan did not succeed. It was, therefore, decided to give revival packages to the individual companies. A revival package of Rs. 51.37 crore was approved for HMT Bearings Limited in the year 2005 but it failed due to the non-availability of working capital/capex as Government guarantee could not be issued to the company in time. In the same year, a revival package of Rs. 232.37 crore was approved for Praga Tools Limited. Presently it stands merged with HMT Machine Tools Limited as per the direction of CCEA. In the year 2006, a revival package of Rs. 880.80 crore was approved for HMT Machine Tools Limited which is currently under implementation. The subsidiary companies which are currently under revival are yet to show improvement in their performance. The revival packages in respect of HMT Limited, HMT Watches Limited and HMT Chinar Watches Limited are presently under consideration."

2.8. In para 4.13 of the Report, the Committee had observed/recommended as under:—

"The Committee have been informed that there were 108 cases of employees who have passed away but their payment could not be released to the successors for want of requisite legal documents. The Committee feel that HMT may consider it a social obligation to assist the dependents of the ex-employees in completing the legal formalities. The Committee, therefore, recommend that HMT and its subsidiaries may render all possible assistance to the legal heirs so that the formalities are completed expeditiously and they receive the payment at the earliest. For the benefit of such family members of ex-employees, the Company may issue advertisement in national and vernacular dailies requesting them to contact the Company."

(Para 4.13)

2.9. In their reply, the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) have stated as under:—

- As per the commitment made by the company before the Hon. Supreme Court, HMT Limited and its subsidiaries continue to disburse a sum of Rs. 50 lacs every month towards 1992 Wage/Pay Revision Arrears to the separated employees based on the seniority of separation. So far a total sum of Rs. 23.92 crores has been paid upto March 2009 to 6202 ex-employees.
- Now, prior intimation is being sent to the last known address of the eligible separated employee as available in the records of the company, regarding the payment receivable by him and to furnish the present address to where the cheque is to be sent and to provide the necessary declarations for Income Tax purposes. In case the separated employee is deceased, the legal heirs/successors may receive the due amount after submitting the relevant documents.

- The company is making all out possible efforts to communicate to the concerned persons and help to complete the procedural formalities to receive the amount. The various initiatives taken in this regard by the units of the company include:
- Issue of a newspaper advertisement in the daily "New Indian Express" dated 11.06.2007 in Bangalore, Belgaum & Shimoga editions informing such separated employees or their legal heirs to contact HRM Department of respective units to receive the cheque in respect of 1992 Wage/Pay Revision Arrears.
- Every month, a notice is displayed on the Notice Board along with the list of separated employees eligible during the month, requesting our employees who are at present on rolls to inform the separated employees known to them to contact the HRM department in respect of their dues and to collect the cheque.
- The list of eligible separated employees had also been notified on the web site of the company by some units requesting the eligible separated employees/successors to contact the unit.
- Continued efforts are being made to contact the separated employees/their successors in cases where the letter/cheque has been returned by the postal authorities as addresses not found.

Observations/Recommendations

2.10 It was represented by the petitioner that the Hindustan Machine Tools (HMT) Limited had not settled legitimate dues of the employees who opted for voluntary retirement, on account of arrears of 1992 pay revision and other consequential benefits in spite of direction from the Supreme Court on 07 August 2003.

2.11 During the course of examination, the Committee were informed by the Ministry of Heavy Industries and Public Enterprises that the 1992 pay revision of the employees of the HMT was implemented in 1995 with the condition that the arrears for the period for 01 January 1992 to 30 September 2005 would be paid to them only after improvement in the financial position of the Company. According to the Ministry, the employees who had taken voluntary retirement approached various courts and ultimately, the Supreme Court. On 07 August 2003, the Supreme Court directed the company to disburse 55% of the arrears to all the employees within three months and the balance amount in the three equal annual installments. Due to continued critical financial position, the company pleaded before the Apex Court to review their orders dated 7 August 2003. On the direction of the Apex Court, a scheme was devised by the company to settle pay arrears of the employees by disbursing Rs. 50 lakh per month starting from May 2005 and since then the arrears of pay revision of 1992 were being paid by the company to eligible ex-employees. It was reported by the Ministry that out of the total financial liability of Rs. 61.17 crores, the company had already paid Rs. 20.28 crores to the employees.

2.12 In their original Report, the Committee had expressed the hope that all voluntary retired employees would receive arrears of their wages revision in due course of time. Taking note of the fact that payment to 108 employees who had passed away could not be released to their successors for want of legal documents by HMT, the Committee had recommended that all possible assistance to the legal heirs should be rendered so that they could receive the payment at the earliest. At the same time, the Committee emphasized the need to draw a comprehensive plan to revamp the company.

2.13 In their action taken replies, the Ministry have now informed that as per the commitment made by the company before the Apex Court, the HMT Limited and its subsidiaries continue to disburse a sum of Rs. 50 lakh every month towards 1992 wage/pay revision arrears to the separated employees based on their seniority of separation. Rs. 23.92 crore have since been paid to 6202 employees up to March, 2009. The Committee are, however, constrained to note that a substantial number of eligible separated employees or their legal heirs still remain whose dues on account of arrears of 1992 wage/pay revision are yet to be settled. Although the Ministry/ Company have not given the details of such cases, the fact remains that their dues have not been released particularly to the legal heirs of the deceased former employees even after lapse of four years after the commencement of the scheme. The committee would like to reiterate that the Company should make efforts to find out the successors of 108 employees who are stated to have been passed away so that their dues could be settled expeditiously. For this purpose, the management of the Company may contact the Trade Union, besides giving wider publicity in print and electronic media.

2.14 As regard plan to revive the Company, the Ministry have stated that in the year 2006, a revival package of Rs. 880.80 crore was approved for HMT Limited and the same is currently under implementation. The revival packages in respect of HMT Limited, HMT Watches Limited and HMT Chinar Watches Limited are presently under consideration. The Committee desire that concerted efforts should be made by the Government at the earliest to revive the company. The Committee would like to be apprised of the action taken by the Government in this regard.

NEW DELHI;
4 May, 2010

14 Vaisakha, 1932 (Saka)

ANANT GANGARAM GEETE
Chairman,
Committee on Petitions.

MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE ON PETITIONS
(FIFTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, 04th May, 2010 from 1500 hrs. to 1540. hrs. in Committee Room 'B' Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anant Gangaram Geete — *Chairman*

MEMBERS

2. Shri Rajendra Agrawal
3. Shri Khiladi Lal Bairwa
4. Shri E.T. Mohammed Basheer
5. Shri N.S.V. Chitthan
6. Shri Gurudas Das Gupta
7. Shri Jagdambika Pal
8. Shri Sarvey Sathyanarayana
9. Dr. Sanjay Sinh
10. Shri Joseph Toppo

SECRETARIAT

- | | | |
|---------------------|---|-----------------------------|
| 1. Shri N.K. Sapra | — | <i>Additional Secretary</i> |
| 2. Shri V.R. Ramesh | — | <i>Director</i> |
| 3. Shri U.B.S. Negi | — | <i>Additional Director</i> |
| 4. Shri Hulasi Ram | — | <i>Deputy Secretary</i> |

2. At the outset, the Chairman, welcomed the Members of the Committee and then the Committee considered and adopted the Fifth and Sixth Reports with minor corrections.

3. The Committee also authorised the Chairman to finalize and present the Reports to the House.

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The Committee then adjourned.

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