

minium of Postal Life Insurance from the monthly pay bills of Government Servants". And then at (b), he says : "There is no such scheme at present in the Postal Life Insurance."

There was a scheme for such a facility and I would like to know why this facility was discontinued in respect of policies taken after 1st April, 1987. Was it at the initiative of the Postal Life Insurance or the Departments concerned? What are the reasons for this?

SHRI VASANT SATHE : Sir, there is no contradiction in the answer given by me. This scheme is still there for all those who had taken their postal life policies before 1.4.1987. In the last sentence, I have stated : "There is no such scheme at present in the Postal Life Insurance". There is, however, a separate scheme of postal life insurance which is available to all Government employees. That was to cater all the State Government employees, public sector employees as also Central Government employees. The idea was to provide a facility for deduction of premium from the monthly pay bill, because it would be cheaper and easier. But, it was found in practice that from State Governments the accounts were not properly remitted to the Postal Life Insurance Office and it was causing a great confusion. Consequently, it was recommended by a Committee headed by an officer that this facility should be discontinued and that is why it was discontinued from 1987. There was no other reason. But I would like to tell you that I want to have a fresh look at the whole matter. We want ultimately to serve our employees and if by any scheme, we can serve the Government servants better, we would definitely want that to be done.

SHRI V. S. KRISHNA IYER : The Government servants, may not be all, did like this. The Life Insurance Corporation does not cover the entire country, whereas the postal services cover the entire country. It is easier for them to approach the post office and know the position than to go to the Life Insurance Corporation. I am happy that the Minister has promised to have a second look at this question. Are you prepared to provide this facility to those Government servants who are agree-

able for deduction of postal life insurance premium from their salary?

You said that the State Governments were not co-operating. I do not think that is correct. Whether it is a deduction for Life Insurance Corporation premium or the Postal Life Insurance premium, it does not make any difference to the State Governments. In view of this, will you please permit such Government servants who are prepared to get deducted the premium from their salaries every month?

SHRI VASANT SATHE : The Geeta Krishnan Committee which was appointed for this, as I said, has said that because of certain mis-match, if I may use that word, between various State Governments' Accountant-General and the PLI Scheme—they were not sending the accounts—a confusion was created; it was adversely affecting the employees and, ultimately, the insurance was not being paid. That is what was creating confusion. But, as I said, basically this is a scheme in the interest of Government servants. We must see how we can reorganise it and I agree with the hon. Member that the Government servants will welcome this scheme. We will try to see how we can make it more functional and useful for the Government servants.

Conference of Chief Executives on Public Sector Management

*184. **SHRI SHANTARAM NAIK :** Will the Minister of INDUSTRY be pleased to state :

(a) whether the Chief Executives of the public sector undertakings recently had a conference on public sector management ;

(b) if so, whether any recommendations have been made by the conference ;

(c) the details of the recommendations; and

(d) the reaction of Government to the same ?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO) : (a) to (d). A statement is given below.

Statement

A Conference of the Chief Executives of Central Public Sector Undertakings was held on January 14-15, 1988. The Chief Executives and other invitees participating in the Conference were divided into five groups, each group deliberating on a specific subject of contemporary relevance to public enterprises management. A summary of recommendations made by each of the groups is given in the Annexure below. These are under consideration of the Government.

ANNEXURE

Recommendations

GROUP I : FINANCIAL PERFORMANCE OF PUBLIC ENTERPRISES WITH EMPHASIS ON RESOURCE MOBILISATION

1. There is no correlation between overall plan targets and annual target of each undertaking. This system needs to be streamlined.
2. Resource generation can be maximised by---
 - (a) better capacity utilisation,
 - (b) energy saving,
 - (c) avoidance of cost and time over-runs; and
 - (d) reduction of costs.
3. There should be institutional arrangements for intercorporate transfer of funds.
4. Where possible, the successful PSUs should be able to off load upto 25% of their shares to their employees and general public at market value.
5. Within broad parameters, PSUs should have freedom to negotiate wages linking, at least, one-third to productivity.
6. There should be no ceiling for incentive scheme.

7. There should be attractive voluntary retirement schemes to reduce surplus staff.

GROUP II : UTILITY OF MEMORANDUM OF UNDERSTANDING

1. The Memorandum of Understanding is a step in the right direction. The process of drawing up an MOU itself may trigger a change in the thinking and the attitude of the Government towards a PSU and the PSU will also be oriented towards achieving specific tasks and objectives.
2. The MOU would be an instrument for better performance of the enterprise and generally improve the relationship with the Government and would not just be a document setting fourth each other's obligations.
3. MOUs should be entered into by as many PSUs as possible. Companies whose performance has not been satisfactory may also enter into MOUs specifying the extent of improvement in the performance.
4. MOUs should not be for one year only. It should be for a longer time span preferably coinciding with corporate plan period of the company. MOU is a solemn moral contract between the two equal partners. This spirit should form the basis of the MOU.
5. MOU should set out the return that the public enterprise provides to the nation which has invested large funds in the enterprise and the assistance that should be forthcoming from the Government to enable it to achieve this objective.
6. The criteria for performance evaluation should be clearly laid down in advance. There should be a high level body for evaluation and appraisal and based on

such evaluation/appraisal, liberal incentives should be provided to all the employees including the Chief Executives.

7. They should be widely publicised to the extent practicable.
8. In drawing up the MOU, all concerned levels should be involved.

GROUP III : HOLDING COMPANIES IN THE INDIAN CON- TEXT

1. Whereas in the Indian context Holding Company concept could be one of the strategies for the future, it should be undertaken only where appropriate.

There were needs of caution in creating such companies since frequent changes and restructuring would prove counter-productive.

2. Just as it will be desirable for the Government not to interfere in the day-to-day functioning of the Holding Company, the latter should also give sufficient autonomy to its subsidiaries.
3. Before any Holding Company is formed it is necessary to work out the details comprehensively as to the manner in which it will function as regards relationship between Government and the Holding Company on the one hand and Holding Company and the subsidiary companies on the other.
4. While the Board of the Holding Company should be constituted by the Government, the Holding Company should have the authority to appoint as well as inter-transfer Chief Executive and Directors of subsidiaries. Full powers to take investment as well as disinvestment decisions should vest with Holding Companies, within broad policy guidelines.

5. Only Annual Report of the Holding Companies should be submitted to the Parliament and not those of subsidiary companies.

6. Both the term lending institutions and lead banks providing working capital should be closely linked to these Holding Companies and may be represented on their Boards. Holding Companies should have the authority to raise finances on their own. There was a point of view that equity of the Holding Company and subsidiaries may be broad-based by attracting public participation, subject to Government/Holding Company retaining majority shares.

7. In order to have a fair balance of autonomy and accountability, it is desirable to enter into Memorandum of Understanding between Government and the Holding Companies on the one hand and the Holding Companies and its subsidiaries on the other.

8. While forming the Holding Companies, the taxation angle has to be kept in view in the matter of transfer of funds from one unit to another or from the unit to the Holding Company, and vice versa.

GROUP IV : FUTURE AREAS FOR INITIATIVES OF PUBLIC ENTERPRISES

The Group addressed itself to the two broad areas—

1. First, measures relating to technological, human resource, managerial and motivational changes and attitudinal improvements would be cardinal to get better returns from the substantial investments already made and would maximise the generation of resources. This would require a multi-pronged strategy and measures which, in many cases, may need to be enterprise-specific.

However, the Group felt that there were two particularly important areas to focus on, namely, energy conservation and value engineering.

2. Secondly, the public sector needs to mount a major effort in several new, clearly discernible, areas of development, many of which involve the most advanced technologies. The Group noted in this connection areas such as Bio-Technology, with particular reference to the creation of new science-based agro-industries ; industries based on resources in the public domain such as ocean and forest resources; new energy sources; as also the area of Informatics, encompassing both computers and communication.

Addressing some of the strategies for such growth, the Group made the following specific observations :—

- (i) There should be greater co-operation among the public enterprises, and they should adopt a consortium approach to utilise the strengths of such organisations with a view to addressing new and emerging opportunities both in the domestic and in the international market.
- (ii) There should also be a promotion of joint ventures among public enterprises, both Central and State, as also with private enterprises.
- (iii) Close two-way links should be developed between the management bodies of public enterprises on the one hand and those of academic institutions on the other.
- (iv) Another area of new initiative identified was—
 - (a) Building up of a data base of all the available resources of all PSUs with indications of their current levels of utilisation,

- (b) Designing a typical MIS for effective planning and management control. The Group recommends that a special unit should be set up to work out a strategy and an action plan for building up the data base and creating an MIS.

GROUP V : CORPORATE OBJECTIVES OF PUBLIC ENTERPRISES VIS - A - VIS NATIONAL OBJECTIVES

1. The Group noted that the Central public sector enterprises are required to subserve the national objectives as enshrined in the Constitution of India and various other policies framed from time to time.
2. In trying to discharge these multiplicity of objectives and the conflict that arises between the commercial and non-commercial objectives, the Group recommended, that non-commercial objectives should be separately identified segregated and given adequate weightage to reflect the true performance of the individual enterprises with reference to their specific objectives.
3. One of the most important corporate objectives is entrepreneurship and growth options. The public sector enterprises should be placed in a position where they can freely pursue these objectives within the framework of the planning process. This should particularly apply to public sector enterprises which are no longer dependent on budgetary support.
4. The Group recommended that such of those enterprises which have been taken over at various times or set up or merged on non-commercial considerations should be segregated, financial restructuring brought about and their performance brought in relation to their present objectives evaluated on specific criteria.

5. The balance sheets of public sector enterprises which are required to display the social audit, should henceforth bring out specifically the true cost of non-commercial obligations that are required to be fulfilled and specific decisions taken by the Government to give them transparent financial compensation.
6. The Group also recommended that such of those enterprises which are required to operate primarily on non-commercial considerations may be encouraged to develop their own sets of objectives within the specific parameters of rendering low priced high utility services. For this, adequate budgetary support may be provided to them from time to time.

SHRI SHANTARAM NAIK : The Government has assured us of a White Paper and no doubt it will go a long way in the matter of self appraisal. We cannot, of course, know as to what the nature of the White Paper would be but I would like to know what are the specific areas or the subjects which are proposed to be covered under the White Paper and whether the autonomy of the public sector will be one of the subjects which will be covered while assessing whether it is really on account of lack of autonomy that the public sectors have suffered losses.

SHRI J. VENGAL RAO : Sir, for this I have placed a detailed note at the disposal of the House. The Hon. Member has asked about the White Paper. I would like to tell the House that this White Paper is purely on the performance of the Public Undertakings. The House can discuss thoroughly on this subject.

SHRI SHANTARAM NAIK : Another thing related to the public sector, which is much talked about now-a-days, is the Memorandum of Understanding. I would like to know under the present set up of the Company Act and Statutes under which the companies are established, what exactly was lacking in the Company Act and the Statutes that the need to have

this Memorandum of Understanding is felt.

SHRI J. VENGAL RAO : Sir, a summary of the recommendations are annexed to the reply. The recommendations other than those which are in the nature of general observations, mainly relate to greater autonomy and official status of the public enterprises. Sir, we are giving more autonomy to the Public Undertakings and there is no interference in their day-to-day administration. The Chief Executives will be appointed for 5 years. They are responsible to produce the results.

SHRI BASUDEB ACHARIA : Whether the Minister is aware of the fact that about 20 lakh public sector workers will go on strike from 14th of this month for three days because their demands for increase in their wages have not been finalised though the last Agreement period expired long back? May I know from the Minister what steps the Government propose to take so that the workers of this public sector may not be compelled to go on strike and also the steps taken to finalise the Wage Agreement.

SHRI J. VENGAL RAO : Sir, this question is different and this supplementary is different. How can I answer that?

SHRI BASUDEB ACHARIA : It is something related with public sector.

MR. SPEAKER : There is no question of relation.

[Translation]

But relation can always be established in a far-fetched way.

SHRI BASUDEB ACHARIA : The relation is very close.

MR. SPEAKER : Should we agree to it just because you are saying it?

[English]

SHRI D. N. REDDY : May I know from the hon. Minister as to how many public sector undertakings in the country

are running at a heavy loss and in view of the fact that they are paid very high salaries and a lot of perks, whether they are accountable to the Government for the losses? What action the Government propose to take in respect of those undertakings where the Chief Executives are at fault?

PROF. N. G. RANGA : But they are going on strike.

MR. SPEAKER : For being very efficient!

SHRI J. VENGAL RAO : There are 225 public undertakings under various Departments.

Under my Department, there are only 37 public undertakings. Mr. Ramaiah is one of the Members of the Consultative Committee of the Industry Department. In the years 1985-86 and 1986-87, they have earned some profit and improved.

SHRI RAM SINGH YADAV : The hon. Minister might have gone through the reports of the various groups which were formed to give their reports in the respective spheres of finance, management, production, relationship with the employees, which have recommended that as regards the case of holding companies, only their Annual Reports should be presented to the Parliament and that the Reports of the subsidiaries should not be presented to the Parliament.

May I know whether the hon. Minister agrees with the reports that those subsidiary companies shall not be under obligation to produce their Annual Reports before the Parliament and whether he agrees with the submissions which the various groups have made to him?

SHRI J. VENGAL RAO : A two-day Conference of the Chief Executives on the five items was held. (1) Financial performance of public enterprises with emphasis on resource mobilisation, (2) Utility of Memorandum of Understanding, (3) Holding Companies in the Indian context, (4) Future areas for initiatives of public enterprises and so on.

AN HON. MEMBER : He has not understood the question.

SHRI J. VENGAL RAO : I am answering that. (*Interruptions*)

SHRI RAM SINGH YADAV : My question is whether the holding companies are producing their Annual Reports before the Parliament? Today, these subsidiary companies are also under obligation or under law to produce their Annual Reports before the Parliament. Their Study Group has recommended that these subsidiary companies Annual Reports shall not be presented before the Parliament. May I know whether the Government agrees to that proposal?

SHRI J. VENGAL RAO : There are only two holding companies in the country—one at Calcutta and another at Allahabad. These holding companies..

(*Interruptions*).

SHRI BASUDEB ACHARIA : His question is different. He is asking about the report of the subsidiary companies being placed before Parliament.

SHRI J. VENGAL RAO : The subsidiary companies directly cannot place their reports on the Table of the House.

PROF. MADHU DANDAVATE : I would like to know from the hon. Minister whether it is a fact that because public sector represents a commanding height of our economy that it is necessary to mop up more surpluses from the public sector?

Is it not a fact that for that purpose, there are two options open to you, one to augment the efficiency of the public sector or alternately try to increase the administered prices of the product so that apparently you may feel that your surpluses are mopped up?

Is it not a fact that you are always choosing the short cut option of increasing administered prices of the commodities of the public sector rather than laying the stress on augmenting the efficiency of the public sector?

SHRI J. VENGAL RAO : How is it possible to increase the efficiency of the public sector, as Mr. Basudeb Acharia mentioned, that there are strikes and loss of mandays..

(Interruptions)

SHRI BASUDEB ACHARIA : Because you are not finalising the agreement.

(Interruptions)

SHRI J. VENGAL RAO : There is a high demand for an interim relief. How is it possible ?

PROF. MADHU DANDAVATE : Are you satisfied with the reply ? He says, "No, we cannot improve the capacity and efficiency, therefore we are laying stress on increasing the administered prices of the commodities "

MR. SPEAKER : He does not say that. He says 'due to these factors'. If you give benefit to inefficiency, what can he do ?

Next question. Q. No. 185, Shri Devaraya Naik. No. Q. No. 186, Dr. Datta Samant. Not present. Shri Y.S Mahajan. Not present. Next Question. Q. No. 187 Shri Nanje Gowda. Not present. Next Q. No. Question 188 Prof. Chandra Bhanu Devi.

Recommissioning of closed Industrial Units in Bihar

+

*188. **PROF. CHANDRA BHANU DEVI :**

SHRI RAMSWAROOP RAM :

Will the Minister of INDUSTRY be pleased to state :

(a) whether Union Government are aware that 17 big and medium and 400 small industrial units are lying closed in Bihar and more than 48,000 workers have been thrown out of employment as a result thereof; and

(b) whether Union Government are considering any scheme to have these units recommissioned ?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM) : (a) and (b). A statement is given below.

Statement

(a) and (b). According to the Reserve Bank data on sick units, the number of sick units in Bihar as at the end of December 1986 was as follows :

Large scale units	17
Small scale units	9649

The data collected by the RBI do not indicate the number of sick units which are closed and the number of employees affected by such closures.

The Board for Industrial & Financial Reconstruction (BIFR) has become operational with effect from 15.5.87. It looks into the question of revival of sick industrial companies in the large and medium sectors. The BIFR has registered 21 cases of sick industrial companies from Bihar upto the 29th February, 1988. 7 out of these 21 sick industrial companies are lying closed.

As regards units in the small scale sector, the responsibility for rehabilitating the sick units rests primarily with the State Governments. However, the Central Government have liberalised the margin money scheme for supplementing the efforts of the State Governments by enhancing the maximum quantum of assistance per unit from Rs. 20,000 to Rs 50,000. The National Equity Fund, which has been established recently, will also help the sick units in the small scale sector which are potentially viable.

[Translation]

PROF. CHANDRA BHANU DEVI : Mr. Speaker, Sir, the Ashok Paper Mill located in Darbhanga, Bihar is lying closed since a long time and as a result thereof, thousands of workers have been thrown out of employment and their life has become miserable. I want to know from