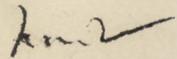


## INTRODUCTION

To help in the discussions which the National Commission on Labour will have with the Central Ministries and the Central Public Sector Undertakings, the material listed below will be useful:

	<u>Pages.</u>
(i) Special points for discussion	1 - 5
(ii) General points which the Chairman has been raising in discussions with persons/organisations appearing before the Commission.	6 - 12
(iii) Inaugural speech by the Chairman at the Conference of the Liaison Officers of the Central Ministries and Central Public Sector Undertakings held on July 10, 1967.	13 - 18
(iv) The decisions recorded in the meeting on July 10, 1967 together with note for discussion.	19 - 38
(v) A background paper prepared in the Commission's Secretariat last year on 'Creators of New Wealth'.	39 - 59
(vi) Commission's Questionnaire.	

  
( B.N. Datar )

Discussion with Central Ministries  
and Public Sector Undertakings.

Special points for discussion:

- (1) Central Public Sector Undertakings are now subject to dual control of Central Government and State Government. Has this arrangement created difficulties at the plant level?
- (2) Should public sector undertakings located in different States be brought under the purview of the Industrial Relations Machinery of the Central Government?
- (3) Is there adequate cooperation from and coordination with the Central Government authorities?
- (4) To what extent is pressure exerted by political parties and persons in power in the working of public sector undertakings? Does it create any labour-management problems?
- (5) A part of the pressure referred to in (4) above is in the nature of more employment opportunities for local people. What should be the limits for such recruitment? At what level should recruitment be on all-India basis?
- (6) Have the undertakings experienced difficulties because of different language groups working together in the plant at the supervisory and operative levels?

contd.....

- (7) It is often complained that the senior management of the undertakings is bureaucratic in its approach to industrial relations. To what extent is this complaint justified?
- (8) In what way have the undertakings served as a model for industrial employers in general in the context of the nation's ideals of planned development and evolving a socialistic pattern?
- (9) Is the delegation of powers from Government to the undertakings adequate or all the powers delegated to the man on the spot exercised?
- (10) In respect of statutory corporations, Ministries have been given powers of final decision. In some cases where in an undertaking an agreement has been reached, the Ministry has thought it fit to set aside or modify the agreement. Is this situation conducive to better labour-management relations?
- (11) How can discipline in the undertakings be improved? Are causes external to plant management responsible for indiscipline?
- (12) Is it a fact that persons in supervisory and managerial capacity are pre-occupied with more than their normal share of paper or table work and are not in a position to attend to other work which may help improve labour management relations.
- (13) Are public sector undertakings short of skilled personnel or are there not sufficient opportunities

for persons to develop and use their experience?

If it is the latter, what remedial steps would you suggest?

(14) Is it a fact that employees in the undertakings shoulder higher responsibility without the attendant higher remuneration? At what levels does this happen?

(15) Production and productivity will be assured special importance in respect of public sector undertakings as indeed as an economy as a whole. What steps would be most appropriate in this behalf?

## II. Industrial Relations

(16) In the public sector undertakings implementation of labour laws, awards, recommendations of the inquiry committees and other bodies is alleged to be slow, halting and half-hearted. To what extent is this true?

(17) In the applicability of labour laws such as Industrial Disputes Act, 1947, the Payment of Wages Act, 1936, the Industrial Employment (Standing Orders) Act, 1946, the Mines Act, 1952, the Factories Act, 1948, the Bonus Act, 1965, should there be any relaxation in respect of public sector undertakings? If so, on what grounds?

(18) Are the lines of communications between the various levels of administration satisfactory? Do they help in maintaining direct contact with workers

...contd.

to assess their feelings and reactions? Have they helped to forestall and prevent the industrial conflict?

- (19) Are difficulties in public sector due to rising aspirations on the part of the employees? Are these aspirations different from those of workers in the private sector?
- (20) Is the present system of dealing with grievances of workers satisfactory? Are the unanimous recommendations of consultative bodies like the works committee, joint management councils, production committees, canteen committees etc. accepted by management? If so, what is the time lag between their acceptance and the implementation?
- (21) In the matter of conducting disciplinary proceedings against employees would you permit a union representative to appear and help the employee? Is the employee supplied with a copy of the proceedings and findings of the Inquiry Officer? Can he have recourse to appeals also in the undertaking itself?
- (22) Inter-union rivalry has been a primary cause of bad labour-management relations. What steps would you suggest to reduce such rivalries? Why are there many cases of intra-union rivalry in public sector undertakings?
- (23) What procedure would you adopt for determining the representative character of a union - secret ballot or membership verification?

- (24) The Administrative Reforms Commission has suggested the setting up of elected labour councils to represent workers in collective bargaining and negotiations with managements. What effect would the acceptance of this recommendation have on developing healthy trade-unions in the country?

III. Personnel

- (25) Is the personnel department fully equipped and qualified to deal with the problems of labour-management relationship?
- (26) To what extent has the personnel department a voice in deciding issues of labour-management relationship? Does it enjoy the confidence of top management of the undertakings?
- (27) Does deputation of officers from the employing ministries help in solving the problems of personnel department?
- (28) To what extent is personnel work hindered by the existing control and regulation of Finance and Audit Departments?

Points for discussion when the  
Commission records evidence.

.....

1. Are you in favour of simplification of labour legislation by enacting an All-India Labour Code?

Do you agree that "Labour" should be put in the Union List?

2. Are you in favour of a common pattern of Labour Judiciary?

(a) Whom would you like to be appointed to the Labour Courts?

How? and by whom?

(b) Would you like an appeal to be provided to the Higher

Court or to the Supreme Court, or to both?

O R

Would you like the Labour Appellate Tribunal to be revived?

3. Are you in favour of Collective Bargaining in the case of organised labour?

Would you like to combine collective bargaining with an agreement for compulsory arbitration? Do you think wages should be fixed by collective bargaining or by voluntary arbitration?

4. What do you think about the problem of casual labour and contract labour?

5. Do you think there should be statutory provisions for recognition of Unions by the Employers?

If so, what conditions should be prescribed?

(a) Should the representative character of the Union be determined by secret ballot? and, for how long?

- (b) Would you favour industry-wise unions or plant-wise unions to be recognised?
  - (c) Should there be one recognised union for the same industry and for the same region?
  - (d) Should provision be made for recognition of craft unions, including organisations of officers and supervisory staff?
  - (e) In case unions are recognised, what should be the rights of the minority unions?
  - (f) Do you think the provisions about the recognised unions prescribed by the Bombay Act are satisfactory?
  - (g) Do the Works Committees perform any useful functions? If not, why?
6. Do you agree that the presence of outsiders in the trade union movement should be discouraged or prohibited?  
If yes, how would you define an 'outsider'?
7. Do you think it possible and desirable to recommend that trade union movement should be built up as one movement, without any political influence?  
Does partisan political influence lead to the multiplicity of trade unions? and Does it make it weaker in the result?
8. (a) Does conciliation machinery help the settlement of disputes?  
(b) In case of failure of conciliation, would you like the employees and the employers to be given a right to refer the dispute to arbitration directly?

(c) In regard to non-implementation of awards and wage board decisions, would you agree that it should be made penal and a right should be given to the employees to file a complaint in a criminal court in respect of it?

Should a similar right be given to the employers to file complaints against the employees for their failure to implement awards, decisions, settlements, etc., imposing obligations on them?

9. Do you agree that in cases of wrongful discharge and dismissal, the normal rule should be award of compensation and not reinstatement?

10. Do you favour common standing orders or rules of discipline?

Do you think it is feasible to prescribe complete and detailed procedure for holding domestic inquiries in accordance with the principles of natural justice? Would you like any standing orders to be framed about promotions? If yes, on what lines?

11. Do you agree that a National Minimum Wage should be defined and prescribed?

(a) What is your view about the "need-based minimum wage" ? -  
Its feasibility?

(b) If you think it is not feasible today, can you suggest any method by which it may be introduced by phases?

12. What is your view about fixing wages by linking them with productivity?

(a) What do you think about the regional disparities in wages for the same kind of work?

- (b) What is your view about wage differentials in the Industry at present?
- (c) Considering that it is important to relate wages to productivity, how can one allow for shortage of raw materials, power, and other impediments which inhibit improvement in productivity?
13. Do you agree that all strikes without proper notice of 14 days should be declared illegal?
- (a) Do you agree that the definition of 'strike' should include: work to rule, go-slow, pen-down, gherao, etc.,?
- (b) Do you agree that participation in an illegal strike - whether peaceful or not - should be considered a misconduct?
14. What is your assessment of changes in the attitude of employers/workers towards governmental machinery in the Labour Department and vice-versa?
15. A point is very often made that labour administration should emphasise the correcting aspects and not so much the penal aspects of labour legislation. In view of the small number of cases taken to penal authorities, would it be right to infer that the educative aspect is in practice being adequately emphasised?
16. Why is the Factory Inspectorate not sufficiently staffed? Is it due to lack of finance or lack of technical personnel? If it is the latter, would it be advisable to rationalise the technical requirements of the job consistent with efficiency of service?

Should some of the routine duties be left to non-technical persons who could be specially trained to take care of such routine?

17. Is it feasible to permit trade union workers to see that the provisions relating to working conditions are adequately satisfied?

18. It is said that the Fair Wage Committee did not have adequate statistics to rely upon when its recommendations were framed. There has been also a suggestion that the recommendations made by the Committee have been patterned after countries at a higher stage of development. The whole basis of the Fair Wages Committee thus requires to be re-examined. Do you agree?

19. Is it necessary to have dearness allowance as a separate component of 'wages'?

20. Is the system of linking dearness allowance to Consumer price index numbers on a point to point basis sound? If not, what changes would you suggest?

21. Has wage rise been responsible for rise in prices or has increase in prices led to wage rise?

22. Minimum Wages Act has been designed to protect workers in unorganised sectors. There is, however, inadequate implementation of this Act even where there is concentration of these industries in one place. It would be more so when the area to be covered is wide in terms of location of such

industries. How do we ensure minimum wage for workers in the unorganised sector?

22. Lack of transport is reported to be one of the main reasons for inadequate implementation of most of the labour legislation, particularly with regard to small industries, mines, plantations and even large industries located in smaller towns. How could such difficulties be got over?
23. The Payment of Wages Act merely expects the Inspectorate to check the registers and see whether payments are made according to the register. Very often the records themselves are not properly maintained, particularly in smaller units, In cases where workers are paid according to the weight of articles produced, is there a guarantee that the weight itself is properly recorded?  
What can be the remedy for workers in case of such default?
24. Do you agree with the view that providing of employment opportunities should have precedence over regulation of wages for rural labour?
25. There is very often a complaint that along with the volume of labour legislation, there is also an unmanageable volume of statistical information to be supplied to Government. It is also suggested that most of this information is not adequately utilised. What steps should be taken to systematize and collect the information and assist its collection/interpretation for the benefit of all users of such information?

26. Are there adequate facilities for research institutions for drawing upon the information available with Government? What should be the arrangements for clearing coordinating requests for information made by such institutions?
27. To what extent does public respond to the aspirations of workers especially in case of public utilities?
28. Have you any suggestions to make about the payment of bonus? Has the recent Act worked satisfactorily? If not, what changes should be made in it?
29. It is said that the industrial relations, both in public and private sector, are unsatisfactory. Do you agree? If yes, what are the reasons for this position? Would the training of management as well as employees help? Is the present position due to the fact that adequate channels of communication are not present?
30. What do you think about the claim that in regard to employment in unskilled categories of work in Industry, both private and public, preference should be given to local people?

.....

Inaugural speech by the Chairman at the Conference of the Liaison Officers of the Central Ministries and Central Public Sector Undertakings held at Vigyan Bhavan, New Delhi on the 10th July, 1967.

On behalf of the Commission, I have great pleasure in welcoming here this morning all the Liaison Officers of the Central Ministries and Central Public Sector Undertakings. The relevance of the study of the behaviour of Public undertakings and its significance to the work of the Commission can hardly be exaggerated. As you know, the terms of reference of this Commission are very wide and the task assigned to it is of a very comprehensive character. Broadly stated, the Commission is required to study what may comprehensively be described as the industrial life of the country, locate and identify the problems which the industrial life faces at present and suggest some guide-lines for the solution of these problems, so as ultimately to help the socio-economic progress of this democracy. In attempting this task, the Commission naturally will take considerable guidance from the directive principles of the Constitution. The directive principles are, no doubt, not justiciable; but the framers of the Constitution have made it abundantly clear that as the said principles are described, they are 'directive' and they form the fundamental basis of the governance of the country. Amongst the directive principles which would be relevant for the work of this Commission, one or two can be specifically mentioned. One directive principle enumerated by Article 39 (b) requires that the legislative policies to be pursued by the Centre and the States must arrange for the ownership and control .

of the material resources of the country so as to contribute to the largest common good. That is a positive aspect of the directive principle. The negative aspect of the same principle is mentioned in Article 39 (c); it requires the legislative policies of the Centre and the States to avoid concentration of wealth and means of production to the detriment of the common good. Article 43 requires the States and the Centre to bear in mind that the objective of the socio-economic policy prescribed by the Constitution is to assure to workmen, in due course, a living wage, decent standard of life and full enjoyment of leisure and social and cultural amenities of life. It is in the light of this broad directive principle that the Commission will attempt to discharge its task.

As you will realise, the general lines of socio-economic development and growth indicated in some of the directive principles emphasise the fact that the socio-economic policy of the Constitution is not a matter of theology. Public sector undertakings, no doubt, have to play a major role in the industrial life of our country; but the Constitution does not require the States or the Centre to embark upon such public undertakings merely on ideological grounds. The policy adopted by the Constitution in regard to the pursuit of its socio-economic ideal can be aptly described as pragmatic. Pragmatism does not mean ambivalence or inability or reluctance to believe in certain principles. Pragmatism means and require that solutions to socio-economic problems must be devised in the light of reason and tested by experience. If the test of experience shows that a certain policy adopted has to be revised, pragmatism does not hesitate to revise it. Revisionism,

is thus a source of strength and not a source of weakness in the philosophy of pragmatism.

The relevant directive principles enshrined in the Constitution remind one of what Laski used to preach, namely, that political democracy can succeed only when it converts itself into economic democracy by the rule of law and in a democratic manner. Converting political democracy into economic democracy leads to the establishment of public sector undertakings.

The public sector, as organised in India, is the largest organised sector of employment in the country and it is not unlikely that it will grow still larger in size. Public sector undertakings, as they function in our country, are diverse in character and their output and service are also varied. Some public sector undertakings are run departmentally by the government concerned, while others, though run departmentally, are actually administered in fact by a special agency created in that behalf. There is a third category of public sector undertakings, which are managed by companies or corporations; and the last one are run by statutory bodies. In studying the behaviour of public sector undertakings we must bear in mind that their utility and their contribution to the socio-economic development of this country will be judged by their performance. That is why I have already indicated that the institution 'public sector undertakings' under the provisions of the Constitution is not based merely or solely on ideological grounds, but on grounds of pragmatism. It is hardly necessary to emphasise that the success of the

public sector undertakings, like the success of private sector undertakings, will ultimately depend on the attitudes of the employer and the employees and the approach they adopt in discharging their respective functions in regard to them. The Commission realises that healthy and appropriate attitudes cannot be created merely by the evolution of appropriate formulae or principles. That is a matter which has to grow out of experience and out of a sense of dedication to the cause which public sector undertakings are intended to serve.

Even so, in order that the Commission should be able to lay down certain broad guide-lines for the growth of industrial life in this country in future, it is necessary for the Commission to inquire into the working of the public sector undertakings. This inquiry would first attempt to ascertain the existing facts in regard to the working of the public sector undertakings. In ascertaining facts in relation to the behaviour of public sector undertakings, the Commission will have to be impersonal and objective. While memoranda are received either from the employees' organisations or from the employers' organisations, whether in the public or the private sector, it is expected that facts would be stated fairly and objectively. When these facts are analysed, they will disclose the problems which the public sector undertakings face today. What is the general image in the mind of the public at large and in the minds of the employees about the functioning of the public sector undertakings? Once we know material facts in regard to the existing situation, it would be possible to identify the problems and then proceed to deal with possible solutions

to the problems. That is how the inquiry in regard to the progress and development of the public sector undertakings in this country has great relevance and significance to the work of the Commission.

Let me illustrate some of the points which may fall to be considered by the Commission during the course of our inquiry in regard to the behaviour of the public sector undertakings. Do public sector undertakings create in the minds of the employees a sense of partnership and genuine participation in the work? Do they submit to the principles of industrial adjudication which govern private undertakings? Does any public sector undertaking show reluctance to adopt these principles? If so, what is the reason for such reluctance. Are the relations between the employers and the employees healthy? Does the working of the public sector undertakings serve the purpose of giving a lead to the private sector in regard to the relationship between the employers and the employees? Do the employees enjoy security of tenure? Are they given freedom to organise trade unions? Is it necessary that the management on the spot should be given more powers by way of delegation in order to be able to meet the daily problems from time to time? Has the scheme of joint councils which would govern the working of the public sector undertakings been given a fair trial? Has it succeeded? If not, why? These and similar other questions will have to be considered by the Commission in dealing with this aspect of its work, and our conclusions in regard to this area of our inquiry may have

a significant impact on our conclusions in regard to the inquiry about the private sector. I would, therefore, once again thank you all for having responded to our invitation and appeal to you to give us your cooperation throughout our work.

...

NATIONAL COMMISSION ON LABOUR

Record of decisions of the Conference of  
Liaison Officers of Central Ministries  
and Central Public Sector Undertakings  
held on 10th July, 1967 in New Delhi.

Names of persons who attended the Conference are appended (Appendix A).

I

The following decisions were recorded on the points raised in the 'note for discussion' circulated to Conference Members:

A. Ministries/Departments.

- (i) The setting up of the study group on Public Sector Undertakings was noted.
- (ii) General points mentioned in paragraph 4 about the processing of material from the public sector were agreed to.
- (iii) The tasks undertaken by the Ministries/Departments as recorded in para.5 were amended as follows:

(a) Ministry of Industry (Now Ministry of Industrial Development and Company Affairs)  
- Department of Industrial Development.

No change.

(b) Department of Transport and Shipping.

Labour problems in organisations like the Shipping Corporation of India will also be covered in the Department's memorandum.

(c) Ministry of Commerce.

In addition to what has been recorded in the note for discussion, the Ministry will cover, in collaboration with the Ministry of Industry, problems like the closure of textile mills and labour problems created by closure.

(d) Ministry of Irrigation and Power.

No change.

(e) Department of Food.

The labour engaged in godowns is contract labour with which Department of Food is not concerned. The possibility of the Food Department commenting on supplies of food to industrial units should be explored by Member-Secretary with the Department of Food.

(f) Ministry of Works, Housing and Supply.

The Ministry will also assess critically the progress of industrial housing undertaken in the three plans.

(g) Ministry of Defence.

No change.

(h) Department of Civil Aviation.

Special problems of labour management relations in case of highly paid labour will be brought out in the Department's paper. A separate study group should be appointed for examining this problem.

(i) Department of Social Welfare.

The Department will help in the Commission's efforts of assessing the problems of landless labour and tribal labour displaced by industrial concerns located in tribal areas.

(j) Department of Agriculture.

Analysis of data available with the Department on wage rates and conditions of agricultural labour including problems of social security, per capita production, per capita availability, etc. will be included in the Department's memorandum.

(k) Ministry of Finance (Department of Economic Affairs).

No change.

(l) Ministry of Home Affairs.

The Ministry will comment on the feasibility of Joint Consultative Machinery being extended to public sector undertakings.

(m) Ministry of Mines and Metals (Now  
Ministry of Steel, Mines and Metals) -

(Department of Mines and Metals).

Some of the areas now covered in the paper like coal, minerals covered by the Atomic Energy Commission, gold mining, etc. would be outside the scope of the memorandum to be prepared by the Department.

- (Department of Iron and Steel)

No change.

(n) Planning Commission.

The Planning Commission will cover the problems of minimum levels of living for the population as a whole and not restrict itself to the working population. It will also deal with the problem of the relationship between agricultural and industrial wages.

(o) Ministry of Health and Family Planning.

No change.

(p) Railways.

The material sent by different zones will be compiled in the Railway Board and sent to the Commission with the Board's comments.

B. Public Sector Undertakings.

(i) The statutory boards like the Tea Board, Coffee Board, Rubber Board, will cover only employees in establishments directly under them and not plantation labour as such.

(ii) The object in circulating Shri Tulpule's paper was explained by the Secretariat of the Commission particularly because of the objections raised to some of Shri Tulpule's observations by many representatives of public sector undertakings.

(iii) Some points raised by the L.I.C. and the State Bank representatives about the scope of their memorandum were noted.

- (iv) The public sector undertakings will approach the Commission for any further clarification needed for answering the questionnaire.

C.

An attempt will be made to stick to the time table fixed by the Commission for receiving memoranda/notes from the Ministries/Departments/public sector undertakings.

II.

The Chairman thanked the members of the Conference for responding to the Commission's invitation and hoped that they will continue to extend their help and cooperation in the Commission's work.

NAMES OF MEMBERS OF THE COMMISSION, SPECIAL INVITEES AND LIAISON OFFICERS WHO ATTENDED THE CONFERENCE OF LIAISON OFFICERS OF CENTRAL MINISTRIES AND CENTRAL PUBLIC SECTOR UNDERTAKINGS HELD ON THE 10TH JULY, 1967 AT NEW DELHI.

CHAIRMAN

Dr. P.B. Gajendragadkar.

MEMBERS OF THE COMMISSION

1. Dr. Baljit Singh.
2. Dr. Bharat Ram.
3. Shri R.K. Malviya.
4. Shri P.R. Ramakrishnan.
5. Shri Raja Ram Shastri.
6. Shri B.N. Datar - Member-Secretary.

SPECIAL INVITEES.

1. Shri P.M. Nayak,  
Additional Secretary,  
Department of Labour and Employment.
2. Shri S.S. Jagota,  
Adviser,  
Bureau of Public Enterprise,  
Ministry of Finance.
3. Shri V.V. Ramanadham,  
Dean, Faculty of Commerce,  
Osmania University,  
Director, Institute of Public Enterprise,  
University Campus, Hyderabad.
4. Shri Teja Singh Sahni,  
Member Secretary,  
Committee on Labour Welfare,  
Asaf Ali Road, New Delhi.

OFFICERS OF THE COMMISSION

1. Shri P.D. Gaiha,  
Joint Director.
2. Shri M.A.M. Rao,  
Joint Director.

3. Shri G.P. Kapur,  
Joint Director.

LIAISON OFFICERS OF THE CENTRAL MINISTRIES

1. Shri G.C.L. Joneja,  
Joint Secretary,  
Ministry of Commerce, New Delhi.
2. Shri T.R. Mantan,  
Deputy Secretary,  
Department of Communications,  
New Delhi.
3. Shri V. Subrahmanayan,  
Joint Secretary,  
Ministry of Defence,  
New Delhi.
4. Shri M.S. Nanjundiah,  
Director, (IF)  
Ministry of Finance,  
Department of Economic Affairs,  
New Delhi.
5. Shri P. Krishnamurthy,  
Deputy Secretary,  
Department of Food,  
New Delhi.
6. Shri J.S. Sarma,  
Economic Statistical Adviser,  
Ministry of Food and Agriculture,  
(Department of Agriculture),  
New Delhi.
7. Smt. R.M. Shroff,  
Deputy Secretary,  
Ministry of Home Affairs,  
New Delhi.
8. Shri G.K. Dogra,  
Deputy Secretary,  
Ministry of Irrigation and Power,  
New Delhi.
9. Shri M.V. Rajwada,  
Joint Secretary,  
Ministry of Petroleum and Chemicals,  
New Delhi.
10. Shri S.S. Gohel,  
Ministry of Railways,  
(Railway Board), New Delhi.

11. Shri M.C. Nanavati,  
Adviser,  
Department of Social Welfare,  
New Delhi.
12. Shri Ram Sahay,  
Deputy Secretary,  
Department of Mines & Metals,  
New Delhi.
13. Shri C.V.S. Mani,  
Deputy Secretary,  
Department of Iron and Steel,  
New Delhi.
14. Shri K.C. Madappa,  
Joint Secretary,  
Ministry of Transport & Shipping,  
New Delhi.
15. Shri P.K. Sen,  
Joint Secretary,  
Ministry of Works, Housing and Supply,  
New Delhi.
16. Shri D.K. Malhotra,  
Joint Secretary,  
Planning Commission,  
New Delhi.
17. Shri Abdul Qadir,  
Adviser,  
Planning Commission,  
New Delhi.

LIAISON OFFICERS OF THE CENTRAL PUBLIC  
SECTOR UNDERTAKINGS.

Ministry of Commerce.

1. Shri Suresh Narain,  
Joint Divisional Manager,  
The Mineral & Metals Trading Corporation  
of India, New Delhi.
2. Shri T.V. Joseph,  
Secretary, Rubber Board,  
Kottayam.
3. Shri F.C. Dhaun,  
Divisional Manager,  
The State Trading Corporation of India Ltd.,  
New Delhi.

4. Shri I.S. Katyal,  
Manager, Coir Board Show Room and Sales Depot,  
16-A, Asaf Ali Road, New Delhi-1.
5. Shri B.N. Chatterjee, IMP  
Secretary, Tea Board,  
14, Brabourne Road,  
Calcutta-1.
6. Shri A.N. Balaram,  
Secretary,  
Coffee Board, Post Box No.302,  
Bangalore-1.

Department of Communications.

7. Shri Mahabir Sarup,  
Personnel Manager,  
Indian Telephone Industries Ltd.,  
Dooravani Nagar,  
Bangalore-16.

Ministry of Defence.

8. Shri R.L. Kapoor,  
Deputy General Manager,  
Bharat Earth Movers Ltd.,  
Bangalore.
9. Lt. Col. W.C. Cole,  
Personnel Manager,  
Mazagaon Dock Ltd.,  
Bombay.
10. Shri B.S. Hanuman,  
Administrative Manager,  
Bharat Electronics Ltd.,  
Bangalore.
11. Shri B.N. Jayasimha,  
Chief Administrative Officer,  
HAL, Bangalore Division,  
Hindustan Aeronautics Ltd.,  
Bangalore.

Ministry of Finance (Deptt. of Economic Affairs).

12. Shri N.D. Prabhu,  
General Manager,  
Security Paper Mills,  
Hoshangabad (M.P.)

13. Shri P.M. Rau,  
Deputy Master,  
India Security Press,  
Nasik Road (Maharashtra).
14. Shri P.K. Tikku,  
Master of the Mint,  
Alipore, Calcutta-53.
15. Shri B. Nand,  
Senior Labour Officer,  
Kolar Gold Mining Undertakings,  
Oorgaum P.O., Mysore State.
16. Shri V.E. Raymond,  
Secretary, (Personnel)  
L.I.C., Central Office,  
P.B.No.252, Bombay-1.
17. Shri S.K. Datta,  
Chief Officer, (Personnel),  
State Bank of India, Central Office,  
Bombay-1.
18. Shri Philip Thomas,  
Economic Adviser,  
Reserve Bank of India,  
Central Office, Bombay.

Ministry of Food, Agriculture, Community  
Development and Cooperation.

19. Shri J.P. Goel,  
Chief Executive Officer & Secretary,  
Central Warehousing Corporation,  
New Delhi.
20. Shri V.K. Venkataraman,  
Secretary, Modern Bakeries (India) Ltd.,  
New Delhi.

Ministry of Health and Family Planning.

21. Shri M.G. Pandit,  
A.D.G.(M.S.),  
Medical Store Depots & Factories,  
(Directorate General of Health Services)  
Patiala House, New Delhi.

Ministry of Industrial Development  
and Company Affairs.

22. Shri S.K. Ray,  
Personnel Manager,  
Heavy Electricals (India) Ltd.,  
Bhopal.
23. Shri S.C. Banerjee,  
Deputy General Manager (Adm.)  
Mining & Allied Machinery Corporation Ltd.,  
P.O. Durgapur-10.
24. Shri S.P. Sarkar,  
Welfare Officer,  
The National News Print & Paper Mills Ltd.,  
Nepanagar (M.P.)
25. Shri P.R.S. Rao,  
Administrative Officer,  
Hindustan Photo Films Manufacturing Co. Ltd.,  
Indu Nagar, Ootacamund.
26. Shri D.N. Nigam,  
Personnel Manager,  
Heavy Electrical Equipment Plant,  
(Bharat Heavy Electricals Ltd.,)  
Ranipur, Hardwar.
27. Shri K.C. Chakrabarti,  
Head of the Personnel Department,  
Cement Corporation of India Ltd.,  
5-A Bahadur Shah Zafar Marg,  
New Delhi.
28. Shri R.K. Gupta,  
Personnel Manager,  
Triveni Structurals Ltd.,  
7, Liddle Road, George Town,  
Allahabad.
29. Shri S. Natarajan,  
Secretary,  
Instrumentation Ltd.,  
Kota, Rajasthan.
30. Shri K.C. Bhalla,  
Secretary,  
The National Industrial Development Corporation Ltd.,  
Udyog Bhavan,  
New Delhi.

31. Shri R.P. Sikka,  
Labour Officer,  
Hindustan Salts Ltd.,  
Bhagwan Das Road,  
P.B.NO.146, Jaipur (Rajasthan).
32. Shri H. Prasad,  
Divisional Manager (Admn.)  
The National Small Industries Corporation Ltd.,  
Near Okhla Industrial Estate,  
New Delhi.
33. Shri S.P. Das Gupta,  
Welfare/Personnel Officer,  
The National Instruments Ltd.,  
Jadavpur,  
Calcutta-32.
34. Shri S.K. Nanda,  
Personnel Manager-cum-Town Administrator,  
Hindustan Machine Tools Ltd.,  
Bangalore.

Ministry of Irrigation and Power.

35. Shri R.N. Panday,  
Joint Director (Per.),  
Damodar Valley Corporation,  
Anderson House, Alipore,  
Calcutta-27.

Ministry of Petroleum & Chemicals.

36. Shri Mohd. Fazal,  
Managing Director,  
Hindustan Insecticides Ltd.,  
C-255, Defence Colony, New Delhi-3.
37. Shri Daulat Singh,  
Coordination Manager,  
Indian Oil Corporation Ltd.,  
(Chairman's Office),  
4th Floor, Link House,  
B. Shah Zafar Marg,  
New Delhi.
38. Shri B.L. Wadehra,  
Industrial Relations Adviser,  
The Fertilizer Corporation of India Ltd.,  
F-43, South Extension, Part I Ring Road,  
New Delhi.

39. Shri N.S. Rao,  
Secretary of the Board of Directors,  
Madras Refineries Ltd.,  
Madras.
40. Shri R.K. Chandrashekharan,  
Financial Adviser,  
Indian Drugs & Pharmaceuticals Ltd.,  
N-12, Ring Road, New Delhi.
41. Shri A. Mitra,  
Deputy Director (Admin.),  
Oil and Natural Gas Commission,  
Tel Bhavan, Dehradun.
42. Shri K.G. Menon,  
c/o Cochin Refineries Ltd.,  
C-143, Defence Colony,  
New Delhi.

Ministry of Railways

43. Shri S.C. Chatterjee,  
Chief Personnel Officer,  
Northern Railway, Baroda House,  
New Delhi.
44. Shri S.P. Ghai,  
Assistant Personnel Officer,  
Diesel Locomotive Works,  
Varanasi.

Ministry of Steel, Mines & Metals  
(Deptt. of Mines & Metals)

45. Shri H.S. Sahani,  
Liaison Officer,  
Neyveli Lignite Corporation Ltd.,  
Delhi, (as Observer).
46. Shri M.N. Pancholy,  
Chief Executive Officer,  
Hindustan Zinc Ltd.,  
11/221, Hospital Road,  
Udaipur.

Department of Iron and Steel.

47. Shri V. Manohar,  
Joint Chief,  
Industrial Relations,  
Hindustan Steel Ltd.,  
Ranchi (Bihar).

48. Shri S.N. Chakraverty,  
Deputy Personnel Manager,  
Bokaro Steel City,  
P.O. Maraphani (Bihar).

Ministry of Tourism & Civil Aviation.

49. Shri A.S. Banavalikar,  
Personnel Manager,  
Air India, Santa Cruz,  
Bombay-29.
50. Shri B.A. Deshmukh,  
Personnel Manager,  
Indian Airlines Corporation,  
Airlines House,  
Gurudwara Rakabganj Road,  
New Delhi.
51. Shri G.P. Chadha,  
Administrative Officer,  
India Tourism Development Corporation,  
63, Sunder Nagar, New Delhi-11.

Ministry of Transport and Shipping.

52. Shri H.P. Bhattacharjee,  
Central Road Transport Corporation,  
18, Rabindra Sarani,  
Calcutta-1.
53. Shri Batuk H. Mehta,  
Bombay Port Trust,  
Bombay.
54. Shri G.V. Karlekar,  
Chief Labour Officer,  
Calcutta Port Commissioners,  
Calcutta.
55. Shri T.K. Parmeswaran Nambiar,  
Secretary,  
Madras Port Trust,  
Madras.
56. Shri Shiv Kumar Dhindow,  
Secretary,  
Mermugao Port Trust,  
Mermugao, Goa.
57. Shri M. Abdul Kadir,  
Cochin Port Trust,  
Cochin-3.

58. Dr. R.P. Bhargava,  
Kandla Port Trust,  
Gandhidham, P.O., Distt. Bhuj, (Kutch).

Ministry of Works, Housing & Supply.

59. Shri N.P. Dube,  
Managing Director,  
Ashoka Hotels Ltd.,  
New Delhi.
60. Shri V.P. Sud,  
Managing Director,  
Janpath Hotels Ltd.,  
New Delhi.
61. Shri K.P. Menon,  
Planning Engineer,  
National Building Construction Corporation,  
New Delhi.
62. Shri J. Durai Raj,  
Managing Director,  
Hindustan Housing Factory,  
New Delhi.

NATIONAL COMMISSION ON LABOUR

CONFERENCE OF LIAISON OFFICERS OF CENTRAL  
MINISTRIES AND PUBLIC SECTOR UNDERTAKINGS

NOTE FOR DISCUSSION

One of the earlier decisions taken by the National Commission on Labour was to associate in its work the Ministries of Central Government and the industrial/commercial undertakings set up by the Government. In a few cases these undertakings are run departmentally; some others are statutory corporations each of these having been formed under an enactment of Parliament while a large number of the rest are incorporated as Companies, as defined in Section 617 of the Indian Companies Act 1956. There are also some public enterprises in which the Central Government have an investment without direct responsibility for management. Several of these undertakings are production units; others are for distribution or undertake training or commercial transactions while still others deal with promotional and developmental activities or provide services to the community. A few of them are financial institutions. By and large, therefore, in the public sector there is a diversity in the structure and scope of these concerns as also a variety in the output/services they provide. Between them they cover in a substantial measure, the industries of the future. Since the National Commission on Labour is required to review the developments in the field of labour since Independence and to make recommendations for the future, the relevance of the public sector to the work of the Commission requires no emphasis.

2. The Central Ministries who are directly handling labour or who come in because of public sector undertakings under their jurisdiction have an equally important role in advising the

Commission on how the affairs of the public sector undertakings, in so far as they affect labour, should be organised. Over the last 5 years a good deal of public discussion has taken place on the state of affairs in these undertakings. Parliamentary debates on the working of different Ministries contain appreciative/critical references to the work done by these units. In the reports of the Estimates Committee and the Public Accounts Committee also there are references to these undertakings. A special Committee has been constituted by the Parliament for examining the working of the public sector undertakings. Apart from this, there are a number of special studies and press comments on labour in the public sector.

3. To help the Commission in coming to conclusions on what has happened in the public sector so far, the Commission has enlisted the cooperation of the Institute of Public Sector Enterprises, Hyderabad. The Commission has requested the Director of the Institute to constitute the study group to cover the whole area of the Commission's terms of the reference with specific reference to units in the public sector. Once the report of the study group is available, we will send it to all public sector undertakings and seek their advice on how the report should be processed for use by the Commission.

4. The Member-Secretary of the Commission had preliminary discussion with the Liaison Officers of the Central Ministries. The views which emerged out of these discussions are recorded below:

- (i) Each public sector undertaking will send to the Commission its reply to the Questionnaire. A copy of the reply will go to the Ministry concerned;

- (ii) The Ministry/Department will take an overall view of replies sent by the undertakings under its control and draw up the Ministry's memorandum for the use of the Commission;
- (iii) On the basis of the memorandum sent by the Ministry/Undertaking under its control, the Commission will decide when and what further clarification on information supplied by the Ministry/Undertaking be sought.
- (iv) The Commission has not yet decided the dates of recording evidence from Ministries/Public Sector Undertakings. It should be possible for the Commission to give at least 6 weeks prior intimation to persons who will be invited to give evidence.

5. Apart from these general points, certain specific suggestions which emerged in discussions with different Ministries/Departments are recorded below:

(a) Ministry of Industry (Now Ministry of Industrial Development and Company Affairs) - Department of Industrial Development:

In the memorandum which will be presented by the Department, there will be an attempt to analyse situations arising out of shortage of raw materials and their effect on labour. The Department will give suggestions for averting such situations and tackling them when they do arise in spite of precautions taken.

(b) Department of Transport and Shipping:

The Department will cover in its memorandum special problems of port and dock labour and labour in the Road Transport. A Study Group for Ports and Docks is being set up. A Study Group on Road Transport is also proposed to be set up by the Commission.

(c) Ministry of Commerce:

The Ministry will emphasise in its memorandum such aspects of labour policy as have relation to export promotion

and import substitution. The Ministry will bring to the notice of the Commission specific suggestions on problems of cost reduction and their possible effects on labour.

(d) Ministry of Irrigation and Power:

The Ministry will discuss in its memorandum problems of (i) contract and construction labour and (ii) the Ministry's experience on re-deployment of labour from one project to another.

(e) Department of Food:

The Department will cover in its memorandum (i) the problems of labour engaged in handling of foodgrains at various ports and (ii) labour problems experienced by godown authorities till such time as they were with the Food Department.

(f) Ministry of Works, Housing and Supply:

The Ministry will discuss in its paper the special problems of (i) building and construction labour and (ii) problems connected with the implementation of labour legislation in these industries with specific reference to minimum wages and other conditions of work of construction labour.

(g) Ministry of Defence:

The Ministry will bring together the experience of handling labour in defence undertakings. The effect of the special requirements of defence on conditions of labour will also be brought out.

(h) Department of Civil Aviation:

The Department will, on the basis of its experience so far of handling labour in the two Air Corporations, project its thinking into the future. The Ministry will also in a separate

note deal with the impact of unrest in hotels and restaurants on tourism.

(i) Department of Social Welfare:

The Department will offer suggestions about coordination of labour welfare activities with the other Departments. It will also discuss problems of women and handicapped workers. The Department has shown interest in advising the Commission in its analysis of problems connected with working conditions of sweepers and scavengers, and rural and unorganised labour.

(j) Department of Agriculture:

The Department will pose to the Commission problems connected with agricultural labour.

(k) Ministry of Finance (Department of Economic Affairs):

The Department will deal with labour problems in financial institutions and in particular, in banks and life insurance. The Commission is proposing to set up a special study group for this purpose.

(l) Ministry of Home Affairs:

The Ministry of Home Affairs in its memorandum will refer to the existing practices in the Government of India about recruitment, promotion, casual labour, welfare arrangements, retirement benefits and the joint consultative machinery.

(m) Ministry of Mines and Metals (Now Ministry of Steel, Mines and Metals) - Department of Mines and Metals:

The Ministry will deal specifically with the labour problems in the whole area of Mines and Metals. A Study Group on Coal Industry is also being set up.

(n) Planning Commission:

The Planning Commission in its memorandum will offer suggestions on policy measures required in the field of labour in the light of the objectives of development accepted by the country and the plans of development of different industries. It will also discuss at some length the problems connected with the minimum standards of living in case of a majority of working population engaged in agriculture and unorganised industries.

(o) Ministry of Health and Family Planning:

The Ministry in its memorandum will deal with national importance of the Family Planning Programme, particularly for labour in its relation to maternity benefit and the Employees State Insurance Scheme. Various matters regarding the applicability of the Industrial Disputes Act to hospital workers will be brought out. A reference will also be made to the feasibility of the National Health Insurance Scheme.

6. The Commission has come across an interesting paper about the **tasks** before the National Commission on Labour in relation to public sector employees by a trade union leader, Shri Bagaram Tulpule. While all that is said in the paper requires to be studied, many of the problems that he has posed have to be dealt with in the report of the Commission. It is these points and many more which are likely to be raised by other union leaders. In the memorandum which the Public Sector units will send to the National Commission on Labour it will be useful if in the light of the undertakings experience the points likely to be raised by union leaders are taken note of.

Creators of New Wealth\*

I

In her inaugural address to the Round Table on "How to make the Public Sector the Creator of new Wealth" in June 1966, the Prime Minister had said that public sector like the private sector must stand or fall on test of efficiency, profit, service and technological advance. The only difference between the two is social control and social purpose. She went on to analyse the point further and indicated three reasons why Government advocated the public sector, (i) to gain control of the commanding heights of the economy, (ii) to promote critical developments in terms of social gain on strategic value rather than primarily on consideration of profit and (iii) to provide commercial surpluses with which to finance further economic development. It will be useful to examine the consistency of these objectives and set out limits within which these different objectives could be satisfied. In particular one may also seek to understand how these limits affect what may be termed broadly labour management relations and working conditions. Two important post-Independence policy statements on the subject which provide a link between these aspects of labour policy and the growth of public sector could be used as a background to this discussion.

2. There are two ways by which the State can build up the public sector (a) by taking over existing undertakings, that is, by nationalisation, and this will include cases of acquiring controlling interest

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\* The views expressed in this paper are the tentative views of the Commission's Secretariat.

in them also and (b) by building up new undertakings. As early as in December 1947, Government's emphasis on the latter was made clear by the then Prime Minister in his address to the Industries Conference. He stated "It seems to me that a far better approach to the problem is for the State to concentrate more and more on new industries of the latest type and to control them in a large measure because then the resources of the State go towards further progress". The word 'resources' in the above quotation appears to have been used in its comprehensive sense to include internal resources generated by the public sector itself in the course of its operations. This ties up with the concept that the public sector has to be a creator of new wealth. At about the same time in 1947, because of the incidence of heavy labour unrest in that year, some assurances were given to labour in what was called the Industrial Truce Resolution, 1947. These include a fair wage, a fair share in profit, adequate protection under laws governing conditions of work, industrial housing and the like. The fact that the assurances given to labour and the State's entry in the productive sector were announced at about the same time should be interpreted to mean that the two objective had to be pursued concurrently without the one offending the other. Expansion of the public sector had therefore to be consistent with the ideas of fair wage, share in profits, etc. Creation of new wealth through public sector enterprises, therefore, would be limited by considerations of a fair deal to labour as much as the definition of fair deal itself had to be circumscribed by the need for generation of resources for development. In case a conflict arose between the two a reconciliation was to be attempted so that neither could suffer distortions beyond recognition.

3. The second Government statement came in April 1956, the Industrial Policy Resolution, 1956. It had behind it the experience of the working of the earlier statement and the operation of the First Five Year Plan. In addition, two important landmarks in the interval between 1948 and 1956 were the adoption of the Constitution in 1950 and acceptance by the Parliament in December 1954 of the 'socialistic pattern of society' as the objective of social and economic policy. The 1956 Resolution stated, "the adoption of the socialistic pattern of society as the national objective as well as the need for planned and rapid development require that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector". The whole industrial sector was divided in three schedules: Schedule A of industries the future development of which will be the exclusive responsibility of the State, Schedule B of industries which will be progressively State owned and in which the State will generally take initiative in establishing new undertakings. While the private sector was expected to supplement the effort of the State in the latter sector of industries, that is, industries under Schedule B, Schedule C which was defined as the residual was left exclusively for private enterprise. The Resolution explained further that the intention was not to place industries in water-tight compartments; there will necessarily be overlapping and considerable 'dovetailing' between industries in different schedules. The role which the Government had in mind for labour was explained in the latter part of the Resolution after emphasising the need for improved working and living conditions, "In a socialist democracy labour is a partner in the common task of development and should participate in it with enthusiasm". Joint consultation and progressive association of workers and technicians in

management also formed part of the Resolution. Here again the intention appears to have been that the expanding public sector had to observe the normal constraints of industrial development set by the socialist pattern of society and in doing so aim at "planned rapid development".

4. In both these statements there appears to be a combination of growth and welfare considerations. One could attribute this to the circumstances prevailing at that time, relative affluence of the economy and the feeling that something should be done to remove undeserved difficulties in the way of labour. Another important landmark in the thinking on public sector build up as a creator of new wealth was the change in emphasis seen in what was known as "the Ooty Seminar" which, though organised by a non-official agency had the blessings of top policy makers. The welfare approach which in its broad sweep was intended to cover within its beneficiaries employees in the public sector and the general public was somewhat modified. Non-commercial considerations which in the early years of the public sector were accorded primacy over economic and commercial justification were to have a new look through an appropriate pricing policy in the public sector. The public sector was no longer to be governed by 'no profit, no loss' principle, but was expected to serve as one of the main instruments for providing the State with resources for development. The seminar was not unaware of the difficulties in getting this new approach accepted and recommended that public opinion should be created for changing the atmosphere in which the new price policy for public sector products found a better response from consumers.

II

5. It would now be useful to examine the performance of the public sector units in the years since their inception with reference to the objectives in I. In this context the period since the public sector operations began to acquire public attention i.e. years since 1956 are important. Has it gained or is it on way to gaining control of commanding heights of the economy? The share of the public sector in reproducible tangible wealth in the country is estimated to have increased from 15% in 1950-51 to 35% in 1965-66. As against Rs. 55 crores of actual investment in the First Plan, Rs. 1520 crores was provided for in the Third. With the proposed allocation of nearly 4,000 crores in the Fourth Plan, the public sector industrial projects by 1970-71 will have an approximate investment of Rs. 6,500 crores. And purely in statistical terms this, if achieved, will give the public sector a lead over the private sector though one should be conscious of the difficulties in basing a firm conclusion on such statistics. While, therefore, in the period of 20 years ending 1970-71 both sectors have expanded or will expand at a rate faster than ever before, the acceleration of public sector in terms of capital investment has been of such an order as would enable it in due course to acquire what may be termed 'the commanding heights in the economy'. Most of this public effort has been and will be in pioneering ventures in key/basic industries as against the progress in private effort mainly in what may be termed 'traditional' lines of production. By 1975-76 if the same trend continues, to name the leader in the industrial sector will be easy. As the Prime Minister hinted in the Round Table last year in another 20 years public sector activities may be larger than the activities of Government in terms of

budget and personnel.

6. In terms of the variety of industrial operations the public sector is already acquiring strategic value for future development of the economy. In iron and steel, mining and metallurgical operations, Fertilizers and Chemicals, electrical equipments, machine building, in project construction, the State is the leading owner of undertakings. Through nationalisation the State has acquired control over important financial institutions like the State Bank and the Life Insurance Corporation. This list can be extended to cover State operations in the transport sector, in power generation and in some areas of trading. All this does involve a social gain in the sense that left to the ordinary market forces it is doubtful if private investment could have ventured in many of the lines now taken up by the State or in other cases operations of financial institutions could have been extended to unattractive areas if the control of such institutions had been left entirely in private hands. In the former case the long gestation periods would have proved unrewarding, in the latter, the risks involved in venturing into new areas could not have been taken without adequate State support. In view of the desirability of having such projects or providing such services in the context of achieving a social purpose it would appear that the public sector has played an important role. Expansion of facilities for rural credit, widening the base for small savings are indeed important gains to the economy keyed to development. To take an extreme example no private party in India with an eye on quick returns would ever dream of developing the production of supersonic aircraft as in H.A.L. or exploring oil through ONGC except on guaranteed compensation from other sources. The only source from which such a guarantee is possible would be the public exchequer. Also since it is

possible to locate, with a marginal disadvantage perhaps, some of these projects in the relatively backward regions, the social gain could be the provision of a basis for regional balance in development. Thus if the policy for setting up such ventures is well-conceived it is possible that with efficient implementation within a reasonable gestation period the units will reach a stage where consistent with goals of planning they will be able to earn profits and become proper investments in the commercial sense, but to expect that to happen immediately is to assume that the ultimate stage referred to earlier has been reached.

7. Another social gain will arise from the recognised need in India of not allowing too much concentration of economic power and for making sure that what has been gained in political democracy is not lost by negating economic democracy. A conscious policy decision was taken permitting the State to share in the development of major industries. If larger units with more capital intensity are needed and if for reasons of technology, they are likely to lead to more economic concentration, it is essential for establishing countervailing power through the State itself having a share in industrial development. Apart from the other objectives of providing educational and health services and some minimum standards to the people, avoidance of concentration is also a social purpose to be served through development. However, in terms of this objective though public sector could have been an important instrument, that alone has proved somewhat ineffective according to the conclusion reached by the Mahalanobis Committee.

8. It has to be recognised that to produce social gain it is necessary to create opportunities for the individual to assert himself in his imagination and in his effort to excel others. This is also a part of social justice. If an objective in the setting up of the public

sector has been to avoid concentration the other side of that objective will be creation of a situation where maximum number of individuals, irrespective of the point they start at, get facilities to understand plant situations around them and offer solutions which have a chance of being considered. This leads to greater work satisfaction which is ultimately a social gain. Trade unions in many countries refer to economic democracy within a plant as an important aspect of social justice. This gives workers a voice in the determination of working conditions, of their wages and how those wages have to be in relation with wages for other jobs or in other industries. And here one comes across the latter part of the Industrial Policy Resolution 1956. As a conscious effort for encouraging employee association in the management of public undertakings certain attempts were made, the assessment of which is given below :

9. As recommended in the Second Five Year Plan, a scheme of Joint Management Councils was promoted by way of giving the workers opportunities for participation in management affairs. The Joint Management Councils were to be consulted in respect of some management matters like administration of standing orders, introduction of new methods, closure or cessation of operations etc. In respect of economic matters, the Councils were given the right to receive information and in certain other areas like welfare and safety, vocational training etc. the Councils were to be entrusted with administrative responsibility. Selected Managers of Public sector units were invited to the Seminars convened to promote the scheme. A Conference of the employing ministries was

held to assess the progress and understand difficulties and this resulted in the setting up of a special cell in the Ministry of Labour. While 46 units in the public sector have set up Joint Management Councils, qualitatively the results achieved so far have not been very encouraging. The reasons for the slow progress of the scheme and ineffective working in the public sector are reported to be the same as in other private undertakings viz. mental reservations on the part of the management, lack of interest and unity in the trade union ranks and absence of demonstrable results even by the best of Joint Management Councils. While one may agree that the concept is of far reaching importance in labour management relations and will take time to develop on present showing what has been achieved so far may be considered only a beginning in the direction of employee association in the management.

10. It is not the intention to be exhaustive in the references which have a bearing on labour policy at this stage. The aspects referred to should be treated as illustrative.

11. In considering the last aspect, namely, provision of commercial surpluses it is possible that there is a clash between this objective and the social purpose for which the State has entered the industrial field. Starting the public sector as India did on welfare and social gain considerations one may agree that commercial working of a public undertaking is something which is superimposed on the undertaking after certain initial decisions about location, manning pattern and social overheads of the establishment have already been taken. It could be even said that the nature of the product which the harvest would yield as conceived when the seed was sown was quite different from the one which is expected now. If for political reasons decisions are taken to

locate a unit at a place where the working is not likely to be economic, extra capital and operational expenditure get in-built in the system. What may be a correct decision from the point of view of regional considerations may at times, lead to a disadvantage in the commercial sense. Added to these is the recent emphasis on exports. If a public undertaking has been set up to meet primarily the domestic demand, to gear it up for production for or services to an outside market which may have become a vital need now, will necessarily lead to a revamping of production/service for which sufficient time should be allowed.

12. In all financial matters public undertakings have to follow certain procedures by virtue of the fact that they are under Government control. As such actions of these undertakings should not only be right but must appear to the public to be right, there will be similar constraints on financial transactions, in the matter of appointments, in purchase and sale procedures, etc. which lead to operational delays and even not quite favourable transactions. Such dilatory procedures do not yield results which could be considered as commercially satisfactory. Another aspect to which reference has been made but which seems somewhat out of place is the difficulty in the public sector of laying off persons who are once hired. This handicap is, however, common to both sectors. It is possible to avoid the same by careful manpower planning in the early stages. While there may be difficulties in laying off or retrenching personnel, there is no compulsion about initial over-staffing.

13. Even with the difficulties mentioned earlier and many others which have been publicised from time to time, targets have been fixed

from plan to plan about the commercial surpluses which should emerge from public undertakings. The Third Plan expected that a sum of Rs. 300 crores will be the contribution from the Central Public enterprises towards plan resources ( the actual achievement has been of the order of Rs. 290 crores. In real terms the 300 crores as estimated at the beginning of the Plan will be much higher than Rs 290 crores achieved at the end of the plan.) This estimate included depreciation and retained profits. The expectations of surpluses from public undertakings in the Fourth Plan have been estimated at Rs. 760 crores. The contributions from Railways are excluded from the above totals. The draft outline also mentions a return of 11 to 12 per cent on the capital employed in State enterprises. This means that the principle that public enterprises should be run on commercial lines is accepted and the requisite pricing policy for them has to be evolved supported by other measures for cost reduction like better utilisation of capacity, import substitution, general improvement in operational arrangements, etc.

Contd.....

III

14. The progress achieved so far and the possible developments in the public sector have been referred to in para 5. This being the situation or the situation that is likely to arise by 1975-76, labour should naturally get interested in the policies pursued by the public undertakings. More and more in the years to come, in the tripartite bodies which frame labour policies and supervise their implementation, criticism from trade unions will be directed against happenings in public enterprises. In the last five years there has been some vigilance exercised by trade unions in bringing to public notice the wrongs of public employers. Labour therefore seems to be determined not to allow undesirable grass to grow under its feet in these enterprises. This determination seems to have been not only out of isolated wrong policies pursued in one unit or the other but also out of the traditions likely to be built up for the future through such policies. From the Government side, one of the main complaints from the public sector employers, that they are not being represented in forums which advise on the framing of labour policy, has been attended to by giving public employers adequate status in tripartite meetings organised by the Ministry of Labour and Employment. These are now being increasingly used by public employers to bring their experience to bear on the framing and implementation of labour policies and programmes.

15. Having said this, the question will still remain as to whether within the constraints of public management of industries

and the social purpose which they are expected to perform, it would be possible for them to give labour adequate satisfaction. Such satisfaction will have to come mainly from wages and fringe benefits to which workers are entitled, apart from the feeling which management can give to labour through schemes of sharing responsibility, giving work satisfaction, ensuring job security and above all maintaining personal contacts. Taking the case of direct and indirect cost of labour first, the industries in the public sector where one finds a major portion of investment, that is, industries like iron and steel, machine building, electrical industries, etc., the labour costs range from 10 to 12% in iron and steel, below 15% in heavy engineering and round about 8% in electric industry. The material costs are reported to be about 30 to 35%, under 40% and between 55 and 70% respectively, the balance accounting for direct and indirect overheads. It would, therefore, be possible to improve labour's share to the extent such improvement helps in saving other costs if the current percentage due to labour is considered inviolable. Also if productivity gains are equitably shared that will add to earnings of individual workers. But if as pointed out earlier, initial investment is heavy and sufficient care is not taken at that stage, difficulties will arise in satisfying labour when the plant goes in operation. All this involves a more detailed planning right from the time when a project is conceived. A part of the overhead expenditure results from the two stages prior to actual production, namely, the preparation of detailed project report after a feasibility study is made and construction, erection and commissioning of the project.

With more experience of managing these initial stages it is hoped that future undertakings will not start with the handicaps which are associated with those which are now in production.

16. The classification of industries mentioned in the Industrial Policy Resolution, 1956, is not enough for a meaningful discussion of the problems of wage settlement in the public sector. A more appropriate classification will be (i) establishments like the Railways, Posts and Telegraphs, Defence Undertakings, etc. which are a monopoly of Central Government. These are run as departmental undertakings; (ii) establishments like those engaged in generation and distribution of electricity, public transport, which though run as monopolies in a particular area have their counterparts in the private sector or in other parts of the country, and (iii) establishments like the iron and steel plants, cement factories, coal mines, machine tool, fertiliser and chemical factories where public and private sectors operate on a competitive basis. For wage determination one may exclude the first category. In (ii) there is already a precedent that the wage boards set up will determine the wage structure of State transport as much as the other transport which is not run as public enterprise. In examining the wage structure of industries under (iii) again no distinction is made as between public and private sectors. The wage board set up for iron and steel industry, for instance, has made recommendations which will cover units like Tata Iron and Steel, Indian Iron and Steel as well as those run by Hindustan Steel and the unit managed by

Mysore State. The recommendations of the Coal Wage Board will be applicable as much to the mines in the private sector as to those working under the N.C.D.C. The recommendations of the Bonus Commission which have now been written into the Bonus Act make no distinction as to the label under which an undertaking works.

17. Thus, while there may have been some anomalies in the wage structure of units in public and private sectors, as also in other monetary benefits, a stage is now set for removing them. In regard to fringe benefits like housing, medical attention, educational facilities etc., adequate attention appears to have been paid by the public sector employers to their workers' needs. In any case the totality of such benefits do compare favourably, on an average, with those provided in some of the better private sector establishments. In fact, one of the criticisms which is often heard against the public sector is that the expenditure on provision of such facilities is on the high side. But what the employees want apart from the adequacy of remuneration as compared to the private sector is an element of satisfaction about other conditions of work which do not necessarily involve money. These concern the general attitude of those incharge of such undertakings to the persons on the shop floor. It has been said very often that improvement is necessary in the public sector undertakings in this aspect of labour-management relations.

IV

18. The above discussion will be incomplete without reference to the two recent developments in employer-employee relations in the public sector including civil servants: (i) the Supreme Court Judgment in the Hindustan Antibiotics Ltd., versus the workers dated 3rd October, 1966 and (ii) the joint consultative machinery for Central Government servants set up by Government of India on 28th October 1966. Some of the Supreme Court observations in (i) are as follows :-

"The same principles evolved by industrial adjudication in regard to private sector undertakings will govern those in the public sector undertakings having a distinct corporate existence" .....

"The fact that the disputes between the employers and employees irrespective of the character of the employer are made the subject of industrial adjudication is indicative, though not decisive, of the legislative intentions to treat workers, similarly situated, alike in the matter of wage structure and other conditions of service"

..... "The constitutional directive provided in Article 39 and 43 of the Directive Principles of State Policy will be certainly disobeyed if the State attempts to make a distinction between the same class of labourers on the ground that some of them are employed by companies financed by it and the others by companies floated by private enterprise".

19. Labour laws by and large do not discriminate between the public and private sectors. The three main laws relating to industrial

relations, namely, the Industrial Disputes Act, 1947; the Indian Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946 are applicable to employees in the public sector as well. Certain enactments contain provisions which empower Government to exempt a class of undertakings from some of their requirements but the powers of exemption in these cases do not specifically operate in favour of public sector alone.

20. The Supreme Court Judgment refers to "public sector undertakings having a distinct corporate existence". By implication it does not apply to departmental undertakings like Railways, P & T and Defence Establishments, the employees of which are governed by Fundamental and Supplemental Rules, or the Indian Railway Establishment Code nor to the Civilians governed by Defence Services (Classification, Control and Appeal) Rules, etc. In regard to others, that is, Corporations and Companies in the Public sector which enjoy independent status the operation of labour laws will have to be uniform. This is in pursuance of the declared policies of Government very often repeated in the five year plans, on the floor of the Parliament and in different tripartite meetings of the Labour Ministry. Special mention must be made in this connection of Labour Ministers' observations in the Conference of Public Sector Undertakings in 1959 and the recommendations of the Labour Ministers' Conference in 1960.

21. While this has been the case in law and in the declared intentions of Government, in two matters (a) penalising the non-

observance of law and (b) granting adjudication in labour disputes in public sector undertakings, where Government has the discretion, the procedure within Government in practice has been somewhat disadvantageous to workers. Leaving (a) out for the present, the Rules of Business laid down in 1951 and modified subsequently in April 1965 govern the procedure of references to adjudication. The earlier rules required the Labour Ministry to consult the concerned Ministry before making a reference to adjudication or advising State Governments to grant adjudication in disputes in which they were the appropriate authority. The effect of this procedure could be that in a number of cases in which Labour Ministry might have felt strongly about bringing in adjudication, the administrative Ministry could veto or in matters where the case was further pressed for a decision at a higher level, at least delay adjudication references to the annoyance of labour. This situation was sought to be set right through the decisions taken in 1959 and 1960 referred to earlier. The principles on which adjudication should be granted if such demand was made on Government by one of the contending parties as evolved in tripartite meetings were to be made equally applicable to both public and private sectors.

22. The change in procedure accepted within Government since April 1965 sets a time limit by which the administrative Ministry concerned with the unit where a dispute ripe for adjudication existed. Another improvement was that in matters where the Labour

Ministry differed with the concerned Ministry the matter was to be settled in a conference between the Minister of Home Affairs, the Labour Minister and the Minister responsible for the affairs of the disputant unit. This is the arrangement in operation at present. Even this arrangement in so far as it contains the possibility of a difference of opinion between the Minister of Home Affairs and the Labour Minister places the employees in the public sector at some disadvantage, though, it must be conceded, it is an improvement over the procedure earlier followed.

23. In view of the growing importance of white collar employees, it is appropriate to refer to experience in banks and insurance companies. In discussing public sector problems one may confine oneself to the State Bank and the Life Insurance Corporation. Within the banking organisations the experience has been that demands for adjudication come up more often from the employees of the State Bank than from other banking institutions. On top of that a plea is usually put forward that, in view of the special situation in which such financial institutions operate, they should be treated differently from other units in the public sector. Thus as between the private and the public sectors the employees in the latter are at a disadvantage somewhat as mentioned earlier and even within the public sector, institutions like the Life Insurance Corporation, Industrial Finance Corporation, Industrial Development Bank, the State Bank, Reserve Bank, etc. seek a special privilege. It is against this background that the scheme for joint consultative

machinery and compulsory arbitration for Central Government employees has to be viewed.

24. There is a belief that industrial workers set the pace through their search for improving their own working conditions, over the other wage/salary earning classes. A closer analysis of the phenomenon shows that there is in such cases, particularly in recent years, no such cause and effect relationship. In fact these two sectors of employees have strong inter-actions on each other in matters relating to their working and living conditions. But taking the popular belief as granted the situation seems to have altered now more in favour of employees who come within the framework of the scheme for joint consultation recently inaugurated by the Home Minister. Industrial disputes in the public sector are dealt with in the first instance more or less in the same manner as in the private sector; bipartite negotiations followed by interventions by the labour relations machinery either at the Centre or at the State level. Thereafter compulsion has to be considered, the steps for which have been stated earlier. The position is quite different in the case of joint consultation machinery for Central Government employees brought in force recently. According to the scheme if a dispute cannot be settled by the parties sitting round the table it gets automatically referred in effect to an arbitrator named by the Labour Minister and no one has the right to withhold this arbitration provided the subject matter falls within Clause 16 of the scheme. The privilege embodied in the constitution of joint

consultative machinery thus puts the Central Government servants in a better position as compared to the public sector employees.

25. This privilege however cannot be an unmixed blessing. The whole machinery is on trial. As the Home Minister pointed out in his inaugural address, a frequent recourse to arbitration would mean a failure of joint consultation. Thus with the privilege of arbitration is associated the responsibility of making joint consultation a success.

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