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AITUC

General Council Meeting



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General Secretary's Report and Information Materials

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CALCUTTA
16—18 October 1987

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OUTLINE OF GENERAL SECRETARY'S REPORT

(1) In the period which has elapsed since the Vadodara Congress, December 1986, several important developments have to be noted in the international arena:

- * In the struggle for nuclear disarmament, a radically new initiative was taken by the USSR - the proposal for "Double Zero" option, signifying its readiness to negotiate an agreement for removal of all nuclear missiles from both Europe and Asia - this has put the US imperialists on the defensive as never before; agreement on elimination of medium and short range missiles in Europe a major victory for peace forces;
- * The Warsaw Pact member countries have made concrete proposals to NATO for reduction of conventional weapons in Europe and total elimination of chemical weapons - they have also pledged never to be the first to strike;
- * Despite all this, however, the US Government is going ahead with its star-war plans, including putting rocket-components into orbit;
- * The Iraq-Iran war continues - the US Navy is increasing its activities in the Gulf, taking advantage of certain adventurist actions by Iran ;
- * The US continues to strengthen and build up its bases in the Indian Ocean area, and has again prevented the convening of the Colombo Conference on the Indian Ocean as a "Zone of Peace";
- * The US Congressional hearings have nakedly exposed Reagan's role in the secret arms sale to Iranian dissidents and transfer of the sale money to finance the contras in Nicaragua;
- * The military coup against the democratically elected Government in Fiji with CIA involvement, points to US designs in the Pacific;
- * Another coup attempt against President Aquino in Philippines has failed for the time being;
- * The anti-apartheid struggle in South Africa has been intensified - Black miners conducted a protracted strike in the face of brutal repression;
- * The India-Sri Lanka accord has effected a welcome cessation of civil war after 4 years - its effective implementation will ensure regional autonomy for the Tamils and safeguard Sri Lanka against imperialist intervention - but there are many obstacles - Indian armed forces involved in name of "peace-keeping".

- * Debt burden of Third World countries has mounted up to 1 trillion dollars - Western powers obdurate towards need to reform international structure of finance and trade - USSR joins UNCTAD Fund;
 - * 70th Anniversary of October Revolution and 40th Anniversary of India's independence mark further cementing of Indo-Soviet friendship and cooperation - Indo-Soviet agreement on Science and Technology breaks new ground and is of immense significance.
- (2)
- = This period's outstanding feature of the domestic scene is the steep decline in the credibility of Rajiv Gandhi personally, and of his Government;
 - = Many factors contributed to this;
 - = President-PM controversy - public controversy left TUs largely untouched - Workers should be educated re: constitutional rights and duties under Parliamentary system;
 - = Scandals - Fairfax - W. German submarine deal - Bofors - V.P.Singh's ouster and Cong (I) campaign against him - corruption in high places becomes most popular issue - IMF revelation of flight of Indian capital to Swiss banks;
 - = Instigation of President by certain forces to dismiss PM - its implications - denounced by left parties;
 - = On top of electoral defeats in Kerala and West Bengal Cong (I) was routed in Haryana.
 - = Presidential election - new move by Rightists and some Cong (I) rebels/dissidents - foiled by Left - no "short-cut" to power.
 - = Vicious campaign unleashed against so-called "interference" in national affairs by Soviet - and against Communist parties .
 - = Rajiv's basic economic line of liberalisation, privatisation, concessions to monopolists and MNCs, continues - Joint sector in Oil, bigger share for private sector in Defence production, emboldened SCOPÉ calls for general privatisation of public sector-World Bank and Aid India Consortium exerting more pressure on India's economic policies.
 - = New crisis caused by worst drought in 100 years - and floods in Eastern States.
 - = Retrograde economic policies and serious corruption involvements are biggest destabilising factors.

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- = Communal forces on the rampage - theocratic slogans being given openly against very concept of secular, democratic state - Meerut shows role of administration in communal massacres - biggest danger today.
 - = AIFUC gave call for "Anti-Communal Week" from May 15 to 22 - but implementation still weak and uneven-
 - = Punjab crisis worsens under President's rule - killings increase - BJP and other Hindu organisations trying to capitalise for retaliatory actions - brightest feature is Red Flag's courageous campaign despite bullets - mass campaign in 2000 villages - need to step up Solidarity Fund.
 - = Industrial and agricultural workers participated on mass scale in Hindu-Sikh anti-communal demonstration held by CPI in Delhi on September 29.
- (3) = We should recall the main tasks formulated (recommendations) by the Commissions set up at the Baroda session last year to deliberate on 5 priority issues before the F.U. movement; and review our performance in that context.
- = These were:-
- (a) National Unity and Communal Harmony:
- = To carry on a sustained campaign, against communalism and imperialist conspiracies;
 - = To intervene to prevent communal clashes and casteist atrocities;
 - = To protect the rights of the minorities and take up their grievances;
 - = To campaign for separation of religion from politics;
 - = To protect working class unity and F.U.unity at all costs;
 - = To develop joint initiative and actions of different F.U. centres;
 - = To develop cultural exchanges between different communities;
 - = To observe days commemorating martyrs of the freedom struggle and their common sacrifices.
- (b) Impact of Economic Policies:
- = Need for a selective approach to new technologies;
 - = Oppose all threats to job security and employment opportunities - resist closures;
 - = Oppose privatisation of public sector industries and services;

- = Study and expose increased entry of multi-nationals into the economy and its impact on indigenous industries and on self-reliance;
- = Study and expose harmful effects of import liberalisation
- = Fight increasing role of contractors and sub-contracting practices;
- = Non-implementation of land reforms
- = Expose corruption and malpractices in the public sector
- = AIFUC should set up its own machinery for industry-wise study of impact of Governments economic policies

(c) Unorganised Workers:

- = Since Bangalore session of AIFUC, about 2 lakh members from this sector enrolled
- = New problems of organisation, coordination and mobilisation should be discussed and solutions found;
- = District and City T.U. Councils to be set up as widely as possible;
- = Support and solidarity of organised workers are of vital importance;
- = Workers' cooperatives should be formed, in bidi, building, etc.
- = AIFUC and each SFUC to put one office-bearer in specific charge of guiding and coordinating struggles;
- = Periodical meetings should be held of AIFUC representatives on various Minimum Wages Advisory Boards.

(d) Trade Union Rights:

- = Forge widest possible T.U. unity against proposed new Bills to amend I.D. Act and T.U. Act;
- = Resist use of ESMA against strikes, and misuse of National Security Act, Terrorist and Disruptive Activities Act, etc. against T.U. movement, and of Art 311(2) for purposes of victimisation;
- = Main threats coming from police repression; detentions, extortions, and victimisation by employers in both private and public sectors;
- = Use of lock-outs and lay-offs to crush workers' demands.

(e) Trade Union Unity:

- = Fight disruptive forces and negative features with aim of building up broad T.U. unity;
- = Function NCC on agreed issues for joint action;
- = Combat pol-ideological outlook of BMS
- = Build broader unity, including INFUC, on specific issues wherever possible
- = Function our unions democratically - strengthen AITUC's bases
- = Campaign for: "One Federation for one Industry"
"One union in one undertaking".
- = Vigorous campaign for united actions specifically by AITUC and CITU and for their unity.

(4) Workers in Action:-

- = During this period, some noteworthy struggles have taken place, showing new features.
- (a) = Heightened consciousness and united action of public sector workers were revealed in the massive one-day general strike of 21.1.87 against privatisation, threat of closure of some public sector units, etc. - about 20 lakh workers participated in what was virtually a political challenge to the Government's pro-private sector policies.
- = Subsequently, during July-September, a protracted trial of strength went on between the Central Government and its public sector employees over the issue of interim (ad hoc) relief on a par with what was given unilaterally, to the officers - under threat of strike and combined pressure of all TUs, including official INFUC, Government ultimately climbed down.
- = INFUC had strongly opposed January 21 strike action, this time it cooperated with others to confront the Government on interim relief issue - an important step forward, showing possibilities of the situation - but BPE still trying to sabotage implementation
- (b) = Another significant feature of this period has been the struggle activity of sections like doctors, nurses, engineers, NGOs, (Bihar, M.P., U.P., Rajasthan) University and college teachers, etc. Even Central Govt. senior officers came out in protest demonstrations - the catalysts have been the pressure of rising cost of living, and anomalies in the 4th Central Pay Commission's report regarding scales, grades, classifications, promotional benefits, etc.

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- = This shows that sections other than traditional blue-collar and white-collar workers are on the move in a big way, and should be treated as allies of the T.U. movement.
- (c) = There has been heightened activity in the unorganised sector, especially among workers covered by Minimum Wages legislation. This is in accordance with the decision of the AITUC Session, although the advance is still uneven.
- = Mention should be made of the 130 days' long strike of 7,000 Bidi workers in Bombay for implementation of the statutory minimum wages; 5 lakhs workers of small and medium factories in Delhi went on strike on 16.1.87 for minimum wages; 2 lakhs Punjab industrial workers downed tools on 14.2.87 for revision of wages and DA. (the revision recently done in Punjab excludes the rural sector, brick kilns, tube well operations, PWD and Irrigation departments public health and construction of roads, and is obviously a subterfuge; 11 days' strike by 1600 municipal workers of Gauhati from 16.2.87 facing attack by police and black-legs; and numerous struggles in the crisis-ridden traditional industries of Kerala like coir, cashew and handlooms
- = For the first time, an all-India Bidi workers' Conference was organised in April at Warangal (AP) attended by about 300 delegates including a large number of women. It was decided to present a mass petition with 1 lakh signatures to the Central Government.
- = Bihar State T.U.C organised a successful Conference of unorganised workers on 24.5.87 followed by a mass demonstration before the State Assembly.
- = The first West Bengal Bidi Workers' Conference was successfully held on September 2 and 3; Andhra Pradesh building and construction workers' conference on 26/7, also at Madras; and conference of Punjab FCI palledars' at Bhatinda on 9th October against the contract system.
- = Through all these movements, we have tried to / protect the demand of a National Minimum Wage which should, under no circumstances, be below the poverty line level in terms of money value and purchasing power. At current calculations this works out to over Rs. 700/- p.m. per family of 3 consumption units
- = Meanwhile the Labour Ministers' Conference held in May 1987, having given "first priority" to conditions of the country's unorganised labour force, has come out with a general recommendation for a Minimum Wage of not lower than Rs. 11 per day although higher rates are being paid already in several States. Other recommendations relate to strengthening of the enforcement machinery;

- (d) = In the organised sector, 18,000 workers of Heavy Engineering Corporation, Ranchi, conducted a prolonged strike from May 18 under the joint leadership of 14 unions - its main features were that the mass of workers rejected the unilateral wage revision agreement (as per BPE's guidelines) entered into between the INFUC union and the management; lock-out was imposed in this public sector undertaking during the closing stages of the strike; and finally, HEC was brought within the ambit of the all-India interim relief agreement applicable to all central public sector undertakings; it was a victory for the HEC workers.

In the private sector, a remarkable feature was 3 general strikes on 3 consecutive days, (July 21, 22, and 23) by West Bengal Engineering, Textile, and Jute workers respectively for overdue wage revisions and against non-implementation of awards by the State Labour Minister re: grades, increments, workload, etc. These actions, long delayed due to CITU's attitude of dragging its feet, were participated in jointly by all unions including one INFUC faction.

- (e) = The most serious industrial crisis has affected the Textile industry (Cotton and Jute) threatening lakhs with permanent unemployment and job-insecurity throughout the country. This is a total fall-out of the Government's much-vaunted New Textile Policy adopted last year, affecting every branch of the Textile sector.
- = Thousands of handlooms (and weavers) are rendered idle due to sky-rocketing prices and shortage of yarn, and yarn exports from the country.
 - = Power-loom owners, while financially prospering, seek to impose new burdens on their workers, refuse to implement Government notified minimum wages, and evade provisions for compulsory registration of installed power-looms;
 - = In the organised sector, 95 textile mills (120 according to millowners' Federation) are lying closed. This involves 22.65 lakh spindles, 25,788 looms, and 1.28 lakh workers. Out of the modernisation fund of Rs. 750 crores created in August 1986, only Rs. 36.43 crores have so far been disbursed against Rs. 510.98 crores asked for by 131 applicants.
 - = 22 Jute mills, involving 80,000 workers, were either closed/locked out during this period. Indications are that the millowners plan to close down 30% of the mills permanently, lakhs of jute growers face ruination.
 - = Despite numerous actions to get closed mills opened/taken over, including strikes, bandhs, dharnas, hunger-strikes, mass deputations, etc.

we have so far failed to halt the offensive, particularly in the composite mill sector. During this very period, we see the Sri Ram Group trying to close down the Delhi Cloth Mills in order to convert the site into a highly profitable commercial complex, while the Birlas have kept the Kesoram mill in Calcutta under lock-out since February in order to pressurise the workers and the Left front government to agree to arbitrary work-loads and retrenchment, on pain of threat of closure.

= Clearly, we are called upon to plan out a much more intensive and coordinated resistance campaign against the millowners' attack, while exposing the hollowness of the Government's textile policy and advancing an alternative strategy for reorganising the industry in the interests of the workers and the nation - new new forms of mass action need to be discussed.

(5) Against Communalism and War Danger:

= The April meeting of our Working Committee called for observance of an "Anti-Communalism Week" from May 15 to 22 - but, as usual, hardly any reports of observance were received, except of an impressive demonstration at Baroda - Even earlier, however, there were peace marches in Madras and Kanpur, in the latter case jointly with CITU. In response to a joint AITUC-CITU call in Amritsar, more than 20,000 workers observed one-day general strike on 4.9.87 against terrorist killings and for communal harmony. This was followed by a public procession and rally. Several similar instances can be cited from Punjab.

= The joint plan of campaign for communal peace and harmony by all the central TUs including INTUC has, however, made insignificant progress. Meanwhile, the threat from the communal and divisive forces to the very unity of the country has grown considerably, and so has the activity of all fundamentalist forces in different communities. Its latest expression is the "Sati" incident in a Rajasthan village. So-called religious leaders are coming to the forefront with all manner of disruptive slogans which divide the masses and divert them from joint struggles in their common interests.

= On the anti-war issue, May Day was widely observed on the basis of a joint appeal by AITUC and CITU. Generally our Unions were active in observance of September 1st also. However, the prospects of a favourable breakthrough for the peace forces on the basis of the relentless campaign waged by the USSR for nuclear disarmament, and its added significance on the occasion of the 70th anniversary of the October Revolution, are issues of profound importance which must be propagated widely and regularly among the workers.

(6)

United Actions and T.U. Unity:

- = The NCC called for country-wide demonstrations on April 16 against the proposed new labour bills and the new CPI (1982 base), and again on August 3 - Several centres responded well.
- = Before this, on March 12, anti-BPE Day was widely observed and effigies of BPE were burned.
- = A massive rally of bank employees took place before Parliament on 27/3 concentrating on policy questions of the nationalised banking sector. They also concluded a revised agreement on mechanisation and computerisation in banks.
- = Another massive demonstration of Central Government employees took place on 28/4 against injustices in the Pay Commission's report and increase in working hours.
- = This was preceded on 24/4 by a Railwaymen's mass dharna at the call of the NCCR.
- = The 4th Central Pay Commission has broken new ground by recommending full neutralisation of price rise upto Rs. 3500/- p.m. basic pay, this is a big advance.
- = A joint dharna by Sugar workers took place in Delhi on 21/4 on the demands for a second interim relief and Rs. 1.65 per point D.A.
- = For the first time, a joint meeting of the rival federations of AITUC and CITU electricity unions took place on 31/7, and a joint appeal was issued - it is hoped that similar moves in Coal and Steel may pave the way towards unification at least at the industrial federation levels, while leaving intact, the affiliations of the constituent unions for the time being. But greater initiative is required from our side.
- = During this period, the CITU held its Congress in Bombay, which was greeted on behalf of AITUC by Comrade Bardhan who made a fervent plea for closer unity of the AITUC, CITU and other Left-led unions. However, the CITU leadership has repeated its call for a "Confederation", by which we understand an expanded NCC-type of organisation whose membership will not be restricted to national T.U. centres but will include various affiliated and non-affiliated federations in various industries and services. CITU has not yet specifically replied to AITUC's unity formula, nor have our unions taken it seriously to their own activists.

(7) Trade Union Rights

- = The proposed amendments to the I.D. Act and T.U. Act represent the most serious and concentrated threat to the rights of strike, collective bargaining, free association, voluntary T.U. membership, registration and recognition of unions, and workers' free choice of union officebearers - if these bills are enacted by Parliament, they can be used to play havoc with all militant trade unions.
- = Hence, mass protest campaign to pressurise Rajiv Gandhi Government must be intensified - no scope for complacency - employers mounting counter - pressure.
- = Apart from direct police repression, we are seeing new features, e.g.:-
- = Imposition of a 2-year ban on strikes in Rajasthan textile mills
- = Misuse of NSA - Com.Dwarika Singh detained on complaint of contractors at Shaktinagar
- = Refusal of bail applications, and jail beatings in U . P.
- = Anti-terrorist and Disruptive Activities Act used against strike leaders of Vimal Mills (Reliance group) in Ahmedabad.

(8) Some other developments:

- (a)
 - = Drought and flood have brought untold sufferings to crores of people this year, including working class families, and devastated the agrarian economy of half a dozen States.
 - = Apart from the gigantic problems of relief, employment and rehabilitation, the most serious long-term impact will be on prices - already there is acute scarcity of essential commodities, and profiteers and speculators are trying to cash in on a situation which is beyond the capacity of the inadequate public distribution system - the almost total failure of the monsoon is bound to push up the CPI to new heights in the coming months.
- (b)
 - = The Government's privatisation drive is continuing in different forms, after having been somewhat slowed down by the January 21 public sector strike and public criticism.
 - = Emphasis now is on the "joint venture" pattern - Birlas and Tatas in the Mangalore and Karnal oil refineries - gas-based fertiliser plants - Energy Ministry's plan to associate private sector with power generation.
 - = Chidambaram's latest proposal for training of Indian bureaucrats and managerial personnel in US administrative institutes and business management schools - a training ground for CIA subversion?

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= SCOPE has openly advocated a general policy of privatisation of public sector enterprises.

(c) = Government of India has come forward with a draft Housing Policy whose aim is to help the affluent sections to acquire land and build homes, while leaving the working population in general to the mercie of land speculators and building contractors - no solutions are suggested either for encouraging housing cooperatives, rural housing or for those crowding into the cities and leading a precarious existence in slums, squatters' colonies, or simply on the footpaths.

= The trade unions cannot ignore this human and social problem of the shelterless but largely unorganised millions who form part of the country's working population, and for whom the United Nations proclaimed 1987 as the Year of Shelter for the Homeless - it is also a part of the larger problem of environmental pollution - we do not support a policy of driving such unfortunate people out of the urban conglomerates without any provision for them, a policy of forcible evictions without any alternative schemes of resettlement and rehabilitation.

= Our trade unions have still to join this battle - we can begin with district/State conventions.

(9) All-India Tasks:

- i) = Prepare for a massive all-India March in Delhi next November on the issues of Prices, Closures and Unemployment, and Drought and anti-Communalism - this should be carried out in conjunction with all the Left-led mass organisations, i.e. T.Us, Kisan sabhas, agricultural workers' unions, youth, students, women etc. - a concrete charter of demands and alternative programmes which can become the basis of united mass action in all States and of a future all-India Bandh, jail-going, etc.
- ii) = Through NCC, continue a more broad based, countrywide protest campaign against the new labour Bills, demanding their withdrawal, and preparing for a big confrontation with the Government in case they try to legislate by brute majority during the coming Winter Session of Parliament
- iii) = Through the public sector unions' Coordination Committee push forward the struggle for wage revision for which negotiations have begun in various undertakings - the new wage structures, and particularly the minimum wage (DA plus basic pay) should, as far as possible, achieve a broad uniformity - the BPE's obstructions and "guideline" ceilings will have to be fought at every step - Government having already accepted the principle of full neutralisation in D.A. upto basic pay of Rs. 3500/- p.m., public sector unions should take a firm stand on this - all efforts to be made to get INFUC to take a common stand with others.

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- = At the same time, the struggle against privatisation, dilution, dismantling and weakening of the public sector should not get lost sight of in the quest for higher wages.
 - (iv) = Closures, prolonged lock-outs and the problem of "Sick" industries in general, has become the T.U. movements' major headache.
 - = Within the existing capitalist framework, the Government's lack of will to take effective measures, and the absence of binding legislation to ban closures and take timely monitoring action to intervene against impending "sickness", have so far frustrated our efforts.
 - = A much more intensive and broadbased T.U. front backed by democratic public support, is required to compel Government to act, particularly against the sabotage of employers and the negative role of the financial institutions and banks.
 - = Can we plan a series of conventions, industry-wise and State-wise culminating in all-India mobilisation, including INTUC's cooperation, to compel Government to act?
 - (v) = In the Unorganised sector, the advances made must be carried forward to a higher level, centring around the slogan of a National Minimum Wage not lower than the "poverty line" level - Conferences, conventions and demonstrations already held show immense possibilities.
 - = Implement our earlier decisions to hold conventions in (a) the non-coal mining industries, and (b) building and construction industry, within the first half of 1988.
 - = State TUC's should establish regular liaison with the BKMU - led agricultural workers' unions in respective States, and give them active assistance and solidarity in the struggle for minimum wages, work, and a Central legislation for rural labour - agricultural workers are the most affected section in the States ravaged by drought and floods and require top priority in getting relief and work.
 - (vi) = Anti-communal mass campaigning by our TUs, in cooperation wherever possible, with other secular organisations and parties, must be taken up seriously in view of the growing danger of disruption and religious chauvinism, threatening national and class unity - At this moment, special attention needs to be given to the situation in U.P., Bihar, Rajasthan, and Maharashtra - the Delhi Convention of 12/10 can set a pattern for State capitals to follow - Situation is more serious than before because all manner of communal, casteist and fundamentalist forces are trying to take the offensive; T.U.s should not be taken unawares.

(vii) = 70th anniversary of the October Revolution, the historic impact taking place of the new Soviet peace initiatives in favour of step-by-step nuclear disarmament, as also the intensified US imperialist aggressive designs centred on Pakistan and the Indian Ocean - in the coming weeks these issues should be taken up by the TUs for mobilising all anti-war and peace forces through conventions, demonstrations, marches etc.

= The USSR Festival in India from next January to be utilised to strengthen the ties of friendship and cooperation between our two peoples.

(viii) Other tasks:

= Education: Based on the syllabus now published, T.U. classes to be more extensively organised:

= To begin with, AITUC Centre to conduct 2 schools for T.U. cadres, one in Hindi and another in English, by December - January - Venues may be Delhi, and Hyderabad or Bangalore:

= Membership Verification

= AITUC Building Fund

= Punjab Solidarity Fund

= Africa Fund (10 central TUs)

= Position re: T.U. Record

: AITUC Sambat

= Affiliation Dues

= In November 1988, WFTU General Council will hold a Session in Delhi - AITUC has to take full responsibility for preparations - It will give opportunity to popularise WFTU widely among the mass of workers.

= October 31 - AITUC's 67th anniversary.

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CENTRAL PUBLIC SECTOR ENTERPRISES IN 1985-86 - A PROFILE

GROWTH IN INVESTMENT

From a mere Rs. 29 crores in 1950-51 in five enterprises, the investment stood at Rs. 42,791 crores as on 31-3-1985 in 221 enterprises and at Rs. 50,341 crores as on 31-3-1986 in 225 enterprises.

Out of this total investment, as much as Rs. 28,356.39 crores or 56.33% of the total were invested in 10 enterprises as on 31 March 1986, viz., in SAIL (Rs. 6304.61 crores), Coal India (Rs. 5540.68), NTPC (Rs. 4520.09), ONGC (Rs. 2859.63 crore), Rashtriya Ispat Nigam (Rs. 2361.33), NALCO (Rs. 1866.16 crores), Rural Electrification Corporation (Rs. 1830.01) NTC (Rs. 1051.67 crores), Shipping Corporation (1034.98 crores) and Fertilizer Corporation of India (Rs. 987.23 crores).

LOWER RATES OF GROWTH

The public sector enterprises in 1985-86 have witnessed lower rates growth in total assets, value of production, net sales and profits, than in the previous year.

ANNUAL GROWTH RATES

	<u>Assets</u>	<u>Net Sales</u>	<u>Gross Profits</u>	<u>Profits after tax</u>
1982-83 -	20.8	14.4	28.5	37.4
1983-84 -	18.2	11.8	(-)0.6	(-)50.2
1984-85 -	18.7	18.2	30.7	329.9
1985-86 -	13.7	13.8	15.0	34.2

PUBLIC SECTOR CONTRIBUTION IN TOTAL INDUSTRIAL PRODUCTION

	% of Public Enterprises Contribution to national production in 1985-86	
1. Coal	-	97.59
2. Lignite	-	100.00
3. Petroleum Crude	-	100.00
4. Steel Ingot	-	76.88
5. Saleable Steel	-	77.22
6. Aluminium	-	36.44
7. Copper	-	100.00
8. Lead	-	100.00
9. Zinc	-	82.58
10. Fertilisers-Nitrogenous	-	47.41
11. - Phosphatic	-	21.29
12. Teleprinter	-	100.00

CAPACITY UTILISATION IN PUBLIC ENTERPRISES

	1985-86 189	1984-85 180	1983-84 172
Units under Production surveyed			
a) Units which have recorded capacity utilisation of more than 75%.	96	87	88
b) Units where capacity utilisation has been between 50-75%	45	47	49
c) Units where capacity utilisation was less than 50%	48	46	35

PROFITABILITY OF PUBLIC ENTERPRISES

Compared to 1984-85, the gross profit of public enterprises has shown an increase of Rs. 691.43 crores from 4627.81 crores in 1984-85 to Rs. 5319.24 crores in 1985-86, an increase of 14.94%. "This is inspite of increases in various input costs including increases in wage bills". During the year 1985-86, 119 enterprises earned a pre-tax profit of 3856.14 crores and 90 enterprises incurred a loss of Rs. 1656.37 crores, thus showing a net pre-tax profit of Rs. 2199.77 crores as against Rs. 2098.61 crores for 1984-85.

	Post-tax profits (Rs. Crores)	Dividends (Rs. crores)
1983-84	240.14	133
1984-85	908.90	176
1985-86	1199.35	191

INTERNAL RESOURCES GENERATED (Rs. CRORES)

	Total Inter- nal Resources	Loans Repaid	Net Resources available for reinvestment
VI Plan Period	13767.71	2046.46	11,721.25
VII Plan Period 1985-86	5068.20	850.34	4,217.86

CONTRIBUTION OF PUBLIC ENTERPRISES TO CENTRAL EXCHEQUER

Year	Total (Crores Rs.) (including Dividend, Corporate Tax, excise duty, customs- duty and other duties)
Vth Plan Period	7895
VIth Plan Period	27,570
VIIth Plan Period 1985-86	9053

The total inflow from the public enterprises to the exchequer increased by 18.96 percent in 1985-86 over the figure for 1984-85.

EMPLOYMENT IN PUBLIC ENTERPRISES

	No. of Emplo- yees in lakhs (*)	Average annual per capita emoluments in Rs.
1976-77	15.75	8940
1981-82	19.39	16158
1982-83	20.24	18017
1983-84	20.72	21546
1984-85	21.07	24322
1985-86	21.57	26069

(*) excluding casual employees

LABOUR CONTENT IN SOME OF THE
COMMODITY GROUPS IN 1985 - 86

Sl. No.	Commodity Group	Labour content as % cost of Production
1.	Steel	13.78
2.	Minerals and Metals	18.76
3.	Coal	42.95
4.	Power	4.60
5.	Petroleum	1.25
6.	Chemicals & Pharmaceuticals	6.91
7.	Heavy Engineering	17.88
8.	Medium and Light Enginerring	21.89
9.	Transport Equipment	15.13
10.	Consumer Goods	13.28
11.	Agro-based Enterprises	25.37
12.	Textilēs	30.27

PERFORMANCE DURING THE FIRST SIX MONTHS OF
1986 - 87.

The overall working results during the period under review show a net profit of Rs. 232.96 crores (170 enterprises) against a marginal net loss of Rs. 14.55 crores (183 enterprises) during the corresponding period in 1985-86.

84 profit-making enterprises put together have earned a total net profit after tax amounting to Rs. 1260.42 crores, which is Rs. 382.34 crores more than the profit of Rs. 878.08 crores earned by equal number of enterprises in the corresponding period of the preceding year.

PUBLIC ENTERPRISES SURVEY, 1985-86-
published by BPE Government of India.

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C O S T A N D V A L U E A D D E D I N S E L E C T E D E N T E R P R I S E S															
	Material Cost/ Cost Production(%)			Man-Power Cost/ Cost Production(%)			Value Added per man month(Rs)			Value of Production per man month (Rs.)			Average monthly emoluments per employee (Rs.)		
	85-86	84-85	83-84	85-86	84-85	83-84	85-86	84-85	83-84	85-86	84-85	83-84	85-86	84-85	83-84
ISCO	62.2	58.5	69.9	23.1	28.0	28.3	3777	1999	2629	7721	5557	5617	2129	2053	1807
SAIL	47.9	55.1	49.0	12.8	13.4	15.0	5801	4073	2414	17757	14,465	11,151	2216	2006	1115
BAICO	23.1	27.3	26.8	7.0	7.7	8.1	3494	4819	1890	21910	19,436	14,463	2116	1617	1552
Hindustan Copper	20.8	24.0	25.0	23.2	23.4	24.4	3740	3416	2478	6770	6301	4905	2006	1781	1314
NMDC	14.4	15.0	9.0	11.5	11.4	12.0	7043	3930	3839	16445	13,900	12,723	N.A.	1801	1541
Neyveli Lignite	54.4	44.5	34.4	30.8	29.7	28.9	5155	5615	5380	7529	7647	7329	1884	1817	1552
Bharat Petroleum	82.2	82.0	83.6	1.6	1.6	1.4	29261	23594	20905	194978	182752	172542	3023	2903	2425
Hindustan Petroleum	83.3	76.3	72.6	1.2	1.2	1.1	39644	30898	26412	272021	251567	253351	3532	3169	2848
Indian Oil	90.9	91.2	91.9	1.3	1.1	1.1	19367	16875	16854	266979	267714	263380	3365	3032	2808
ONGC	0.8	0.7	1.0	1.0	0.9	0.8	59544	61271	57125	65275	65463	61846	3173	2912	5920
Bengal Chemical	35.4	40.9	39.4	28.2	23.5	21.7	1466	1739	1354	4109	4077	3415	1872	1687	1331
Fertiliser Corpn.	95.1	36.3	36.2	8.0	7.9	7.2	4466	9157	7041	18369	22,018	18,338	2933	2644	1731
IDIL	38.2	38.7	38.9	20.2	18.3	16.6	1988	2015	2437	7378	7313	7193	1973	1706	1463
Indian Petro- chemical Corporation	53.8	51.0	48.6	6.0	6.0	6.0	24711	22197	17866	68403	61,037	47,240	3693	3284	2616
BHEL	61.1	60.7	57.9	15.3	15.1	15.3	7911	6918	6278	18981	16,677	13,699	2756	2432	2117
HEC	47.2	52.2	56.9	22.8	23.3	24.1	3245	2882	2325	6578	6182	5523	2184	1903	1843
MAMC	31.7	30.6	36.7	27.9	29.3	23.9	2586	2217	2286	6174	5566	6348	2142	2007	1759
BEL	44.7	42.0	43.7	29.2	33.1	32.5	6476	5859	5191	9819	8166	7343	2618	2347	2077
Hindustan Cables	74.8	71.2	71.9	10.9	12.5	9.2	7079	8067	6385	23076	18266	16,319	2520	2203	1391
HMT	51.0	53.8	54.5	24.5	24.4	24.1	5799	5657	4706	10357	9673	9229	2561	2255	2049
HAL	44.8	52.2	52.6	22.8	22.3	23.4	6427	5357	4549	11246	10,495	9026	2378	2192	2011
Mazagon Dock	43.7	60.5	58.3	13.1	10.0	16.7	5911	5007	5518	18923	20,969	16,221	3000	2418	2610
NEPA	39.5	39.2	41.6	12.6	13.5	12.8	3446	3520	2677	11161	10,410	8918	1674	1405	1306
Coal India	41.1	46.6	45.9	17.6	18.7	16.4	5333	5310	3511	10222	10,224	11788	1912	1920	2027
Hindustan Shipyard	54.8	55.6	45.0	16.1	23.8	29.9	2677	2051	1818	10186	6749	4082	2568	2334	1469
Madras Refineries	93.4	95.6	97.0	0.4	0.3	0.4	83578	52033	30519	1020569	818618	771118	3737	3168	3348
Indian Telephone Industries	39.3	34.8	41.8	28.7	35.4	31.9	4658	4133	3802	8132	6649	6670	2268	2169	1932

PUBLIC ENTERPRISES - PROBLEMS AND REMEDIES

(The following is the Summary of the Report on "Some current issues of the Public Enterprises in India" by the Economic Advisory Council appointed by the Prime Minister.)

The expansion of the public sector - an integral part of India's industrial development - has laid emphasis on the simultaneous development of the basic industries and infrastructure through planned public investments. This strategy has conferred major benefits on our economy: to achieve large degree of industrial diversification, reduce import dependence on manufacturing, stimulate private investment and create a large pool of skilled manpower. All these have helped the country to achieve a high level of technological self-reliance and also face the challenges posed by the external environment, especially during the recession of the 1980s.

Still, the public enterprises suffer from some major shortcomings. First, they have not been able to generate adequate surplus for sustaining public investments; some being subsidised by the rest of the economy. Some of the infrastructure facilities provided by the public sector units have been found to be inefficient and hence costly. Thirdly, there is considerable scope for improvement in the adoption and assimilation of new technologies by them.

DIVERSIFICATION

Since the mid-1950s, the public sector has expanded and diversified into areas other than manufacturing: such as trade finance, and other service activities, to meet various additional responsibilities like commodity price stabilisation, development of backward areas, take-over of 'sick' industries, maintenance of public distribution system of essential commodities, etc. Thus, the public enterprises do not form a homogeneous group of industrial units, and there is a lot of divergence in terms of their size, employment, technology, markets as well as their objectives. Consequently, their profitability has differed widely from sector to sector.

Discussions regarding an overall or relative profitability of the public enterprises in terms of an exclusive set of financial parameters are, therefore, neither helpful for judging their performance nor for diagnosing the causes of the poor performance of particular enterprises.

In order to improve the performance of public enterprises and enable them to generate adequate resources for investment as postulated in the 7th Plan, their specific constraints have to be identified and appropriate solutions found. Some of these solutions may be sector-specific, while some may also be enterprise-specific. A detailed analysis of some of these problems in the selected sectors of coal, steel and fertilisers is already available in the report of the Fazal Committee. The recommendations of the Committee should be examined and comprehensive decisions taken to implement them with a view to improving the performance of the concerned enterprises within a specified time-frame.

A close relationship exists between planning and macro policies on the one hand and the public enterprises on the other. The performance of even efficient units can sometimes be seriously affected as a result of a liberal trade regime or shortfalls in public investment, or undue competition in external markets.

DEBT-TRAPS AND REMEDIES

The poor financial performance of some of the public enterprises, is in fact, due to the poor investment decisions, which are reflected by a variety of factors such as in appropriate location (Nagaland Paper Project), improper technology (Surgical Instruments Plant of the IDPL), irrational product mix (Salem Steel Plant), and imposed marketing arrangements (Kudremukh Iron Ore Project).

Because of such poor investment decisions, the concerned units are forced to incur losses which are covered by loans from the Government. The consequent increase in the debt element in the capital structure makes it still more difficult for the units to generate profits, even if their current performance compare well with that of similar units or the same industry either in the public or private sector.

The Government can take the following measures to rehabilitate such units:

- The capital base of such units can be restructured so as to relieve them from their present 'debt trap' and thereby enable them to generate surplus resources,
- Units which face difficulties due to inappropriate market tie-ups should be actively encouraged to modify their marketing strategies,
- Units which suffer due to locational disadvantages resulting from policy decisions should be suitably compensated through budgetary subsidies, and,
- Units which face hardships due to wrong choices of technology or product-mix should be allowed to modify their technology or product-mix through fresh investments.

INVESTMENT PROCEDURES

There is also the need to re-examine the current investment approval procedures. The existing procedures may be replaced by a system of multi-level and multi-stage appraisal for the large projects, especially in the core sector involving investment of over Rs. 100 crore. Projects involving below Rs. 100 crore, and which do not require simultaneous investment in other sectors, should be allowed to be appraised by the concerned Ministry in consultation with the Finance Ministry and the Planning Commission. Large projects involving several Ministries should have separate appraisal missions for each project.

These procedures could also help to decide whether a particular investment is called for in the public sector or could be thrown open to the private sector.

A major reason for the poor financial performance of some important public enterprises has been deficiency of demand, especially due to the structure of public investment. By way of an illustrative exercise, even a modest increase of 10 percent of the capacity utilisation levels achieved in 1984-85 in selected industries of steel, cement, electrical machinery, railway equipment, fertiliser and electricity could contribute to the increase in GNP by one per cent per annum, and also result in the generation of additional resources by the public enterprises to the extent of around Rs. 2,000 crore (at 1984-85 prices) over the remaining period of the 7th Plan. Further, this would also improve substantially the country's balance of payments position.

INTERNAL MANAGEMENT

Besides macro-economic policy, a significant determinant of the performance of the public enterprises is their internal management capabilities and their ability to tackle problems arising out of Government enterprise interface. As the Government is the owner of these enterprises, it has to monitor closely their performance to ensure proper use of public funds and the units are accountable to the Government. But, the former, being commercial organisations, should have autonomy in decision-making in order to achieve their financial and entrepreneurial objectives. Thus, the conflicting requirements of autonomy and accountability call for a finely tuned system of checks and balances that would encourage autonomous decision making within specific constraints.

Considering the heterogeneity of public enterprises in terms of their size, nature of activity, financial performance etc., there is a need to differentiate the nature of Government intervention and the level at which it is undertaken. It appears reasonable to offer considerable autonomy to the public units which are operating in a competitive environment. Their performance could be judged in relation to that of similar units in the private sector.

The Government could also specify the expected minimum rate of return on capital for these units, apart from stating the objectives for which they were set up. The Management of these public enterprises could be also encouraged to take strategic decisions like expansion or diversification and raising resources from public financial institutions or seeking additional equity capital from the Government for this purpose. However, units which are operating in the competitive environment but incurring losses at present, should first be rehabilitated through suitable programmes and these units could be given more autonomy at a later stage depending on their performance.

NON-COMPETITIVE UNITS

The public enterprises operating in a non-competitive environment fall into two categories. The first include large enterprises involving heavy investments (e.g. coal, steel, non-ferrous metals, power and defence industries) which are almost exclusively set up in the public sector on the basis of certain socio-economic considerations. The second category covers essentially promotional agencies with small investment (e.g. the National Small Industries Corporation, the National Research and Development Corporation, and the Trade Fair Authority of India).

The units in the second category are, in effect, the executive arms of the various Departments of the Government and are not important from the point of view of surplus generation. The Government should concentrate its attention mainly on the first category of units, since these are in a monopolistic position and have strong linkages with the other sectors of the national economy. These units would require sustained attention and monitoring by the Government.

For this purpose, the Government would have to:

- (a) specify clearly the objectives of each corporation;
- (b) participate in strategic decision-making
- (c) devise measurable monetary and non-monetary indicators for appraising their performance periodically.

BINDING MOUs

It is observed from past experience that the obligations and responsibilities of either the Government or the public units have not been binding on each other. In order to overcome this lacuna, a system of Memorandum of Understanding (MOU) has been introduced recently. However, the current procedures adopted in the MOU seem to have several shortcomings.

To be really effective, MOU should be a long-term agreement covering at least a Plan period. The MOU should specify the short-term goals as part of a long-term strategy. Further, the MOU should incorporate a technology plan for the short-run and the long-run and the investment strategy outlined in the MOU should reflect the stages of implementation of the technology plan. The MOU should also spell out the criteria for evaluating the performance of the concerned units.

A major structural reform suggested to reduce the level and intensity of Government intervention in public units is the setting up of Holding Company. The Committee under the Chairmanship of Dr. Arjun Sengupta had strongly advocated the creation of Holding Companies in all the Departments of the Government. While the creation of Holding Companies has various advantages, it has also some disadvantages. One has, therefore, to identify the areas where the Holding Company could play a purposeful role.

HOLDING COMPANY.

The creation of a Holding Company should be based on the following guidelines: (i) The Holding Company should be formed only when the units or subsidiaries which are brought together have the same technological base and the same strategic approaches in achieving their management objectives; (ii) The Holding Company can be justified only if it could enhance the competitive abilities in the international market; (iii) Before amalgamating the existing units to form a Holding Company, the financial and capital base of the individual units have to be suitably restructured otherwise, the liabilities of the loss-making units would adversely affect the overall performance of the newly created Holding Company; (iv) Detailed plans have to be worked out in advance to tackle the administrative and personnel management problems arising out of the formation of a Holding Company; (v) The MOU should clearly specify the goals and targets for individual units for which the Holding Company should take up the responsibility; and (vi) The Holding Company should be able to formulate and implement a more comprehensive R & D plan than what the individual units could achieve.

As regards the composition of the Board of Directors of Public units (or Holding Companies), besides the Managing Director, there should be one or two employees of the concerned unit on the Board, preferably a technical and a finance director.

The appointment of an MP to the Board of Directors would not serve any useful purpose. On the other hand, the MPs could play an active role in the discussions on public units either in the forum of Parliament or the Committees of Parliament like the Committee on Public Undertakings. The Government should also consider the appointment of non-official experts to the Board of the public enterprises. There should be a strong and competent nodal agency for these units.

LOW MORALE

One of the factors contributing to the poor performance of public units is the low level of morale among their workers and the managements. There is an urgent need for improving the morale of the top management by evaluating their performance on the basis of well-defined objective criteria instead of adopting ad hoc approaches for their appointment and dismissal. The morale of the workers can be substantially improved through training, career planning and their involvement in decision-making process and production planning.

There is also a general feeling that the real wages of the employees of the public unit have increased at a much faster rate than increase in labour productivity. Our analysis shows that the per capita real wage in the public sector has increased at around 2.4 percent per annum during the period 1970-71 to 1985-86 which cannot be considered as excessive as compared to the growth of 1.6 per cent in the per capital national income over the same period.

It is further observed that labour productivity in many sectors has exceeded the increase in real wages, though part of this productivity increase might be due to capital deepening. However, there is also some evidence which suggests in certain key sectors such as coal and steel, the growth in real wages has been in excess of the growth in labour productivity.

In any case, growth in real wages does not appear to be the root cause for the inability of the public units to generate adequate surplus resources. Similarly, wages are not always the basic reason for strained industrial relations in the units which are more based on non-wage issues. If workers' participation in management is actively encouraged, the public units could achieve better results.

In our analysis, we have tried to highlight the basic strengths and weaknesses of our public enterprises and also identify some of the causes for the same. We have also made some suggestions for rectifying these weaknesses. At the present stage of our economic development, the public sector has to play a strategic role in accelerating economic growth. The public sector enterprises could effectively absorb higher level of technologies and transmit the same to the other sectors in the economy. In other words, the public sector has to provide the necessary dynamism for the future growth of our economy.

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COMMITTEE OF PUBLIC SECTOR TRADE UNIONS

New Delhi -1,
22nd August '87.

PRESS STATEMENT

COMMITTEE ON PUBLIC SECTOR UNIONS CALL FOR:

FOIL GOVERNMENT'S ATTEMPT TO DEPRIVE WORKERS OF ADHOC RELIEF:
FORWARD TO SATISFACTORY WAGE
SETTLEMENT

The meeting of the Committee of Public Sector Trade Unions held at Delhi on 21st August evening congratulated the workers of Public Sector undertakings all over the country for their determined struggle for payment of interim relief with effect from 1.1.1986. The Government of India was forced to accept the demand of workers due to the unprecedented unity built by the workers and the common stand taken by all the trade unions during negotiations with the Government. The call and the preparations of the one day strike on 21st July 1987 has played an important role in achieving this victory, as before this call the Government had adamantly refused this demand. This meeting regretted the partisan manner in which Television and Radio politicalised this issue after the agreement was reached.

The payment of adhoc amount to the workers from 1.1.1986 till the date of the expiry of the last agreement has to be treated as non-adjustable payment while the payment from the commencement of the new wage agreement should be considered as interim relief to be adjusted at the time of the final settlement. The adhoc payment should apply to all undertakings irrespective of the fact whether the agreement has expired before 1.1.86 or will expire hereafter.

The adhoc payment would count for the purpose of payment of house rent allowance, city compensatory allowance, contribution to the provident fund, Bonus, gratuity payments and reimbursement of medical claims as in the case of officers.

Some confusion is likely to be created due to unilateral press note issued by the Union Labour Ministry. Hence all unions should abide by the correct interpretation as above of the settlement arrived at in the Union Labour Ministry on 18th August 1987. We expect the Government will keep this in mind while issuing the directive to the public sector undertakings for implementation of the decision of interim relief.

The Payment of interim relief should be made applicable to all the workers in public sector including the units in West Bengal who were previously covered by the State level engineering settlement and who have demanded separate bipartite wage negotiations.

If however the Government goes ahead with unilateral interpretation contrary to be above it will be rejected and will evoke strong resentment and agitation among the workers for which the Government will alone be responsible.

The entire trade union movement has rejected the BPE guidelines and the forthcoming wage settlement can be only reached outside the framework of these guidelines. A realistic formula for D.A. has to be worked out guaranteeing full neutralisation to workers at all levels for the rise in cost of living. Similarly the basic wages have also got to be suitably upgraded. We appeal to all the trade unions to keep this in mind while negotiating wage settlements with the managements of public sector undertakings.

The meeting decided to organise a National Workshop on Wage Policy including D.A. in public sector some time in the month of October next to workout common approach during wage negotiations in public sector undertakings to be attended by all unions.

The meeting expressed the hope that the Government will expedite the functioning of the Standing Committee on Public Sector undertakings.

The meeting extended whole-hearted support to the just struggle of the university teachers.

The meeting appeal to the public sector workers to strengthen the unity already achieved so that the trade unions can arrive at successful settlements during the present wage negotiations in all public sector undertakings.

Representatives of unions of CITU, AITUC, HMS, BMS Joint Action front of Public Sector unions in Bangalore and the Co-ordination Committee of Public Sector undertakings of Hyderabad and other Independent Unions attended the meeting.

Sd/-
(P.K. Ganguly)
C.I.T.U.

Sd/-
(V. Tiagi)
H.M.S

Sd/-
(HOMI DAJI)
A.I.T.U.C.

Sd/-
(Michael B.Fernandes)

Sd/-
(R.K. Bhakt) B.M.S.

Homi Daji

COMMITTEE OF PUBLIC SECTOR TRADE UNIONS

New Delhi-1,
17. 9. 1987.

PUBLIC SECTOR UNIONS DEMAND UNCONDITIONAL
PAYMENT OF INTERIM RELIEF

Committee of Public Sector Trade Unions in its meeting held in New Delhi on 16th September 1987 called upon the workers in public sector to resolutely oppose the directives issued by the Bureau of Public Enterprises (BPE) on interim relief. This directive is totally in contradiction with the agreement arrived at between the Central Ministers and the representatives of the Central Trade Unions on 18th August, '87.

The Central trade union representatives made it clear during the talks with the Government of India that the amount to be paid to the workers in the Public sector from 1.1.1986 till the date of conclusion of the agreement cannot be adjusted with the final agreement. It was only the amount from the date of commencement of the new agreement that will be adjusted in the new wage agreement. The Central trade unions had also pressed for granting all the benefits on interim relief to employees as paid to the executives. They further made it clear that they were not bound by the BPE guidelines for wage negotiations in public sector undertakings.

Comrade Homi Daji, Secretary-AIUC presided over the meeting.

The meeting decided to send the following telegrams to the Prime Minister, Labour Minister, Employing Minister and the Energy Minister so as to reach Delhi by 25th Sept., 1987.

- "PROTEST AGAINST BPE DIRECTIVES ON INTERIM RELIEF FOR PUBLIC SECTOR WORKERS CONTRARY TO 18th AUGUST
AGREEMENT WITH CENTRAL TRADE UNIONS STOP IF PAYMENT NOT MADE BEFORE 28TH SEPTEMBER WORKERS WILL RESORT TO DIRECT ACTION INCLUDING STRIKE".

(Name of the Union)

The meeting decided to campaign all over the country for payment of interim relief without pre-conditions prior to 28th September, 1987 failing which the trade unions in public sector will be left with no other alternative but to resort to direct action including strike.

The unions in public sector should not sign any agreement with the managements on the question of payment of

p.t.o.

of interim relief as per BPE directive. They should call upon the workers to accept the payment under protest and made it clear to the management that they were not bound by the BPE guidelines while arriving at a final agreement.

The meeting decided to address a letter to the Union Labour Minister on behalf of the Committee stating its position and demanding withdrawal of the directives which are contrary to the agreement arrived at on 18th August 1987.

The meeting protested at the unilateral and arbitrary exclusion of the West Bengal Engineering units, NTC, Jute, Cement and other industries from the purview of the paying of interim relief, despite the fact that the executives and the supervisory staff have been paid ad-hoc relief by most of these units. It decided to organise solidarity actions for the employees of these undertakings all over the country to force the Government to change its decisions.

The Committee of Public Sector Trade Unions will meet again in New Delhi on 12th October 1987 to review the situation and decide future course of action.

The Committee decided to organise a National Workshop of Public Sector Unions on Wage Negotiations in Hyderabad on 21st and 22nd November 1987. The total number of participants in the workshop will be 100 only. A small group of 5 persons is constituted to prepare background material for the workshop, which will consider in depth the policies related to wage negotiations in all the public sector undertakings.

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Sd/-
R.K. Samant Rai
President- HMS

Sd/-
M.K. Pandhe
Secretary-CITU

Sd/-
Homi Daji
Secretary-AITUC

Sd/-
R.K. Bhakt
Secretary-BMS

Sd/-
P. Nageshwar Rao
Jt. Convenor
Co-ordination
Committee, Hyderabad

Sd/-
Michael Fernandez
Jt. Convenor
J A F, Bangalore.

THE GIANTS OF THE PRIVATE CORPORATE SECTOR

Fiftyeight of the top 101 giant companies in the private sector belong to 18 large business houses. These 58 companies accounted for about 68 percent of the assets of 101 giant companies. They also accounted for 69 percent in terms of sales and pre-tax profits, according to the study of The Economic Times Research Bureau.

In 1985-86, these 101 top Giant Companies recorded a higher growth rate in total assets compared to the previous year.

In terms of the pattern of distribution of assets and net sales 20 percent of the top 101 Giant Companies have together held 45 percent of the total assets and 55 percent of the aggregate net sales during 1985-86.

T H E T O P F I V E

<u>Assets</u>		<u>Net Sales</u>	
1. Tata Steel	Rs. 1294 Crore	1. Tata Steel	Rs. 1148 Crore
2. Reliance Industries	Rs. 1046 Crore	2. Reliance Industries	Rs. 868 Crore
3. Tata Engineering	Rs. 918 Crore	3. Tata Engineering	Rs. 711 Crore
4. Southern Petroleum	Rs. 700 Crore	4. Southern Petroleum	Rs. 614 Crore
5. Associated Cement	Rs. 677 Crore	5. Associated Cement	Rs. 551 Crore

GROSS PROFITS

1. Tata Steel	Rs. 220 Crore
2. Reliance Industries	Rs. 97 Crore
3. Tata Engineering	Rs. 77 Crore
4. Southern Petroleum	Rs. 71 Crore
5. Associated Cement	Rs. 67 Crore

The study confined to 71 companies whose data are complete and comparable with the previous year, shows a growth of assets from Rs. 13,526.8 crores in 1984-85 to Rs. 15,576.8 crores in 1985-86, an increase of 15.2 percent. The sales, net of excise duty, of the 71 companies have increased by 10.4 percent, from Rs. 12,053.6 crore to Rs. 13,309.4 crore.

Gross profits of 71 companies have gone up from Rs.1231.6 crore to Rs. 1397.7 crores recording an increase of 13.5 percent.

Growth Rates of Top 101 Giant Companies:

1. Total Capital Employed	- 25.6 percent
2. Net Worth	- 35.6 percent
3. Net Sales	- 14.0 percent
4. Gross Profits	- 20.5 percent

Among the 101 top giants, there are 11 loss-making companies in 1985-86, the losses amounting to Rs. 58.59 crores. These 11 companies account for 6.9 percent of total assets and 8.9 percent of the total net sales of 101 companies. These 101 companies distributed in 1985-86 higher quantum of dividend at Rs. 290.04 crore than Rs. 246.12 crores in the previous year.

Tax provision as a percentage of profits before tax in the case of 71 companies has formed only 18.8 percent as against 24.6 percent in 1984-85. For 101 companies, this ratio worked out lower at 22.0 percent than 24.7 percent in the previous year.

RECORD ASSET AND TURNOVER INCREASE OF 20 MRTP Cos.

The 20 largest industrial houses coming under the purview of the Monopolies and Restrictive Trade Practices Act have increased their assets, turnover and pre-tax profits several times in the last five years.

The increase in their profit has not however, been keeping pace with the growth of their assets and turnover.

According to an official study on the assets of big industrial houses, the house of Birlas emerged at the top by relegating the Tatas to the second slot in 1985. In 1980, the Birlas had an asset of Rs. 1,431 crores, which went up substantially to Rs. 4,111.55 crores in 1985. But, the Tatas, which had an asset of Rs. 1,538.97 crores, could raise only to Rs. 3,698.84 crores.

In terms of profit, however, the Tatas have amassed larger profits at Rs. 251.83 crores in 1985 compared with the Birlas' profit of Rs. 154 crores in the same year. This shows that the Tatas' profitability as percentage of the assets is better than that of the Birlas.

Moreover, even though there is a substantial difference between the assets of the Tatas and the Birlas, the turnover difference is not that large. In 1985, the Tatas had a turnover of Rs. 4,130 crores and the Birlas had a turnover of Rs. 4,230.81 crores.

The third largest industrial house is the Thapars, whose assets, pre-tax profit and turnover went up from Rs. 348.06 crores, Rs. 28.40 crores and Rs. 485 crores, respectively, in 1980 to Rs. 1,067.86 crores, Rs. 22.15 crores and Rs. 912.18 crores in 1985.

The Singhanias are a close fourth in the list of top 20 industrial houses with an assets figure of Rs. 1,057 crores in 1985 against Rs. 412.72 crores in 1980. The Singhanias' pre-tax profit also went up marginally from Rs. 18.21 crores in 1980 to Rs. 19.09 crores. In fact, the Singhanias' profit in 1984 declined to Rs. 13.19 crores, just as the profit of the Thapars also nosedived to Rs. 8.79 crores in the same year.

The Reliance group is the fifth largest industrial house with an increase in assets from Rs. 166.33 crores in 1980 to Rs. 1,056.36 crores in 1985. Its profit and turnover also shot up significantly from Rs. 11.35 crores and Rs. 298.67 crores in 1980 to Rs. 71.62 crores and Rs. 777.55 crores, respectively, in 1985.

The remaining 15 top industrial houses in the order of ranking are Mafatlal, Modi, M.A. Chidambaram, ACC, Larsen and Toubro, Bangur, Bajaj, Walchand, Shri Ram, F.V.S. Iyengar, ICI, Sarabhai, Hindustan Lever, Kirloskar and Mahindra and Mahindra.

Interestingly, the asset of one group, Sarabhai, declined in 1985 to Rs. 444.83 crores from Rs. 462.88 crores. The Sarabhai group earned a profit of Rs. 17.7 crores in 1980, but incurred a loss of Rs. 8.72 crores in 1984, which went up to Rs. 14.72 crores in 1985.

Assets of all other houses went up in the five year period and no other group incurred any losses either.

There are, however, as many as four industrial houses, whose pre-tax profit declined in this period. Walchands' profit declined from Rs. 22.94 crores in 1984 to Rs. 22.12 crores in 1985. Other groups, whose profits declined in this period are: Shri Ram from Rs. 14.39 crores to Rs. 12.39 crores, ACC from Rs. 16.52 crores to Rs. 1.76 crores and Kirloskar from Rs. 31.42 crores to Rs. 22.05 crores.

The study also shows that two industrial houses witnessed a decline in their turnover.

(Rajya Sabha, March 9, 1987)

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I N D U S T R I A L R E L A T I O N S
MANDAYS LOSSES

More Due to Lock-outs

Mandays loss during the last three years were:

1984	-	56.03 million
1985	-	28.37 "
1986	-	22.12 "

More loss of mandays by lockouts than by strikes continues to be the main feature of the industrial relations situation.

According to provisional figures released by the Labour Ministry, out of the total loss of mandays in 1986 of 22.12 million - the lowest in ten years, lockouts accounted for 13.07 million and strikes 9.20 million or 59 percent and 41 percent respectively of the total mandays lost.

West Bengal topped in mandays losses at 8.6 million followed by Tamil Nadu - 2.9 million and Maharashtra - 2.8 million.

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INDUSTRIAL SICKNESS

No. of sick units as at the end of	Large Units	Medium Units	SSI Units	Total Sick Units
December 1980	409	992	23,149	24,550
December 1981	422	994	25,342	26,758
December 1982	444	1178	58,551	60,173
December 1983	491	1256	78,363	80,110
December 1984	545	1287	91,450	93,282
June 1985	597	1181	97,890	99,668
December 1985	637	1186	1,17,783	1,19,606

Outstanding bank credit as at the end of

(Rs. crores)

December 1980	1342.47	178.42	305.77	1800.66
December 1981	1478.84	187.63	359.07	2025.54
December 1982	1790.60	225.76	568.97	2585.33
December 1983	2014.33	357.97	728.99	3101.29
December 1984	2330.12	428.88	879.69	3638.39
June 1985	2655.39	195.13	954.65	3805.17
December 1985	2980.24	220.02	1070.67	4270.93

"SICKNESS" Unabated

(ECONOMIC SURVEY, 1986 - 87)

There were 1,30,606 sick industrial units in the country and an amount of Rs. 4,665.23 crore was outstanding against them at the end of June 1986 as per the latest data available from the Reserve Bank of India.

Industrial sickness was increasing day by day in Maharashtra, West Bengal, Uttar Pradesh, Gujarat and Tamil Nadu.

The industries where sickness was increasing were engineering and electricals, iron and steel, textiles, chemicals, jute, sugar, cement, rubber and miscellaneous.

(Rajya Sabha Reply on August 10, 1987)

NUMBER OF UNORGANISED LABOUR AS ESTIMATED BY THE NATIONAL
LABOUR INSTITUTE

For an estimate of labour in the unorganised sector, however, one has necessarily to resort to the census of India, 1981. In the absence of general economic tables, which are yet to be published, it has become necessary to resort to the Special Report and Tables based on 5 percent sample data. Out of a total population of 665 million, 245 million was estimated as the workforce. Out of this, 102 million persons were engaged in cultivation on their own land. In other words, they were not wage labour. For the purpose of these estimates, we have excluded workers engaged in trades and commerce, transport, storage communications and manufacturing, processing, servicing and repairs in factories. So, we have taken the following categories:

1. Agricultural labourers;
2. Workers engaged in livestock, forestry, fishing, hunting, plantations, orchards and allied activities;
3. Mining and Quarrying;
4. Manufacturing, processing, servicing and repairs as household industry;
5. Construction; and
6. Other services

Together these add upto 103 million workers. Now, under livestock and household manufacturing as well as under other services, there will be a fairly large number of worker owners or self employed persons. In the mining industry as much as 80 million will be in the organised sector under coal, iron ore, copper, gold bauxite and manganese. On the other hand, this difference would be made up by the wage labour contained under trade and commerce, and transport, storage and communication, where there are a large number of small scattered establishments. As on the date of census, therefore, it is reasonable to assume that the number of unorganised workers both main and marginal was in the vicinity of 100 million. At an annual rate of increase of 2.5 per cent, the number of workers in the unorganised sector at present would be about 115 million.

(from National Labour Institute Report)

EMPLOYMENT IN THE ORGANISED SECTOR
(As at the end of March)

	(In lakhs)					
	1980	1981	1982	1983	1984	1985
A. Public Sector						
a) Central Government	31.78	31.95	32.49	32.66	33.11	33.42
b) State Govts.	54.78	56.76	58.53	60.38	61.54	62.99
c) Quasi-Govt.	43.43	45.76	48.12	50.40	52.72	55.11
d) Local Bodies	20.80	20.37	20.33	21.11	21.30	21.48
Total Total:	150.78	154.84	159.46	164.56	168.69	173.00
B. Private Sector	72.27	73.95	75.47	75.22	73.45	73.22
Total of Organised	223.05	228.79	234.93	239.78	242.14	246.22

GROWING UNEMPLOYMENT

Registered Unemployed according to Employment
Exchange Statistics:

		No. of applicants on the live register at the end of the period.
		('000)
1985	-	24,861
1986, December	-	30,131
<u>1987</u>		
January	-	30,476
February	-	30,513

Compared to February 1986, number of applicants in the live Register at the end February 1987 increased by 13.9 percent, whereas the notified vacancies declined during the period by 14.8 percent and placements effected declined by as much as 37.2 percent.

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JOBLESS ENGINEERS

There were 38,980 engineering Graduates registered with the employment exchanges seeking job assistance as on June 1986.

(Rajya Sabha, reply March 17, 1987)

JOB SEEKER DOCTORS

There were 25,613 medical Graduates, including post-graduate on the live register of employment exchanges as on June 30, 1986.

(Rajya Sabha, April 15, 1987)

NUMBER OF JOBSEEKERS, VACANCIES NOTIFIED
AND PLACEMENTS MADE

(Figures in thousands)

State/Union Territory	Number of job-seekers as on 31st December 1986.	Number of vacancies notified during 1986.	Number of placements made during 1986.
1.	2.	3.	4.
1. Andhra Pradesh	-	2461.8	46.1
2. Assam	-	812.3	12.6
3. Bihar	-	2914.5	33.7
4. Gujarat	-	877.1	32.3
5. Haryana	-	492.8	36.0
6. Himachal Pradesh	-	346.8	11.1
7. Jammu & Kashmir	-	106.8	2.9
8. Karnataka	-	1084.7	25.1
9. Kerala	-	2704.9	32.3
10. Madhya Pradesh	-	1772.0	38.1
11. Maharashtra	-	2876.6	70.8
12. Manipur	-	258.8	4.0
13. Meghalaya	-	22.7	0.8
14. Nagaland	-	20.4	0.6
15. Orissa	-	856.8	21.3
16. Punjab	-	609.6	25.2
17. Rajasthan	-	840.1	30.0
18. Sikkim	-	-	-
19. Tamilnadu	-	2444.8	64.5
20. Tripura	-	107.4	2.4
21. Uttar Pradesh	-	3250.8	50.3
22. West Bengal	-	4252.6	23.7
23. Mizoram	-	30.6	2.5
24. Andaman & Nicobar Islands	-	15.2	2.1
25. Arunachal Pradesh	-	-	-
26. Chandigarh	-	132.8	3.9
27. Dadra & Nagar Haveli	-	-	-
28. Delhi	-	680.8	37.0
29. Goa, Daman & Diu	-	66.8	4.0
30. Lakshadweep	-	6.6	0.2
31. Pondicherry	-	84.1	2.3
32. Central Employment	-	-	8.1
ALL INDIA TOTAL:	30131.2	623.4	351.3

CRITICAL NOTE OF THE ALL-INDIA TRADE UNION CONGRESS IN RESPECT
OF 1982 SERIES OF CONSUMER PRICE INDICES.

The current 1960-based series of Consumer Price Index of the Labour Bureau of the Government of India is based on family living surveys conducted as far back as 1958-59. The socio-economic conditions in this country have since undergone many changes. The intervening period has been marked by a persistent controversy relating to the overall validity of an index compiled with a weighting diagram not merely out of date, but ab-initio unrealistic and unrepresentative of the actual consumption pattern of the working class, which has all along been bearing the brunt of constant and drastic erosion in the purchasing capacity of its meagre earnings due to persistent rise in prices. This controversy often acquired bitter tones and sparked many a conflict, compelling various state governments as well as the Central Government itself to appoint Expert Committees to enquire into numerous complaints and objections raised by the workers through their organisations on various aspects of the Indices. Almost every single committee appointed for the purpose, let it be remembered, found the index seriously deficient in more than one respect. Appointment of the well-constituted Rath Committee in 1977 under the Chairmanship of the eminent economist, Prof. Nilkant Rath of Gokhale Institute of Politics and Economics, was therefore, sincerely welcomed by every section of the Trade Union movement in the country.

However, even while accepting in theory some of the Committees' recommendation the Government set its face against implementing the same in respect of the 1960 - based index.

Attempt of the Government to replace the 1960-series with a 1970-based index-series was stoutly resisted by all the Trade Unions, since even that series was found to be no different from the earlier (i.e. 1960) one in all essential aspects. Trade Unions therefore justifiably took the firm stand that before introducing a new series the earlier (1960) index must be fully rectified and placed beyond the pale of controversy. We are, however, disappointed to find that the Government continues to ignore altogether this highly important aspect and once again is trying to face the trade unions with a fait accompli in introducing the 1982 Index.

The AITUC, therefore, cannot but reiterate its firm stand that introduction of the 1982 series must be made conditional on:

- (1) Complete rectification of the 1960 series in accordance, with the recommendations at least of the Rath Committee, read with the proposals contained in our memorandum dated 4.8.83 rejecting the relevant portions of the Seal Committee Report.
- (2) Adequate opportunity being provided to the Trade Unions to examine and be satisfied as to the validity of the 1982-based series in its essential aspects already outlined in the foregoing paras.

As regards the first condition, we urge that the 1960 index be further rectified and computed afresh for the years 1982 and onwards by applying corrections on account of the following shortcomings:-

- (a) Qualitative adjustment in rationed items: Prices of rationed items in areas under statutory rationing as also under modified rationing, must be used for the Index after proper splicing for qualitative changes, which in most cases are too obvious to be denied. In practice the difference between the ration or fair price shops and the open market price of the item concerned in the neighbouring non-ration areas during a period of 6-12 months immediately before the introduction of the 1982-Index could be taken to represent the degree or extent of splicing to be applied.
- (b) Weight for rationed prices: Weight for ration-price should essentially be based on actual off-take and not on "admisibility" or 'availability'. Off-take should be determined on the basis of formula suggested by the Rath Committee.
- (c) "Black-market" prices: Prices of the rationed commodity in neighbouring centres or regions outside statutory rationing for a reasonable period from now onwards must be collected so that the index on this account could be rectified at the time of the introduction of the 1982 series.
- (d) Rent Index: The house-rent Index of 1960 series must further be subjected to a thorough revision on the basis of recommendations of the Rath Committee pending a further and deeper consideration of this important component of the Index. We cannot but continue to press the demand that: (a) firstly, the sample adopted must not be a fixed one, but a moving-one. It must also cover new houses to which workers and their families/dependants have migrated. As recommended by the Rath Committee the weight for new houses must be based on the rate of growth of households as per census of 1961 and 1981.

Secondly, suitable adjustments must also be made for undeniable deterioration of the quality of old houses which were surveyed as far back as 1958-59 for the purpose of preparing the 1960-Index. Thirdly, the rent for rent free houses should not be taken as zero. As recommended by the Rath Committee, repair, maintenance, etc. index compiled for selfowned tenements, should be used as house-rent index for free houses.

- (e) "Free" items: Price Index of "free" or "concessional" supplies should not be kept at zero (or 100) and instead price-Index of nearby centres should be imputed as recommended by the Rath Committee.

Textbooks, Education etc. (Sub-group Education, recreation and amusement).

The 1960 Consumer Price Index for Text-books, education, etc. must be worked out afresh for the year 1982 to date by taking into account the average price quotation for prescribed Text books for all classes upto the degree stage as well as tuition fees for corresponding stages.

Similarly the Index for Cinema ticket must be worked out on the basis of price-quotation not for the lowest class in Cinema halls, but for the last but one class. This would also accord with the recommendation of the Rath Committee.

Clothing: The index for clothing has been one of the major casualties in the computation of 1960-based Index. None can deny the fact that frequent variations in the grade/quality of the product is the most common feature of the Textile Industry. The specifications and qualities of the product are subject to constant variation in response to what is called 'market demand'. As aptly observed by the Rath Committee, (para 4.40 at page 41 of the Report), "Not only is there a large variety of items of clothing like 'Saree', 'Dhoti', Shirting, etc. available in the market at any time but the varieties and brands also change very frequently..... Moreover when this variety ceases to be available in the market, a correct substitute has to be taken. If proper substitution is not ensured spurious change in price due to quality - difference may get introduced inadvertently." Particular reference may also be made to the basic principles as enunciated by the Labour Bureau itself which must govern the highly important question of degree of precision to be observed in laying down specifications in the base-year and collection of retail prices of substitutes in the case the particular brand/variety is not available during the subsequent period. "The most important problem in the collection of retail prices is the laying down specifications for pricing units so that the prices relate to the same qualities of goods and services. It is not enough to describe the quality as "ordinary", "Common", etc. It should be described in such detail as will enable the price collector to identify the quality in a unique manner. In case of clothing items details regarding the count of cloth, the type of border whether coloured or plain, mill numbers, etc. are helpful in distinguishing the prescribed quality and in sticking to it over a period of time" (Cost of Living Index Numbers in India-A Monograph-Labour Bureau Publication)

Yet these were the very stipulations that were almost totally flouted in respect, particularly of clothing items, and in case of number of other items generally, in constructing the 1960-Index.

Notwithstanding such weighty and unequivocal directions, the Labour Bureau chose to continue with arbitrary substitutions even during the subsequent years right upto this time without even a semblance of communication, let alone consultation, with the workers and their trade unions. We cannot, therefore, accept the validity of the clothing Index of the 1960 series without adequate adjustments being made for quality changes which have evidently been taking place right from the base-year onwards, but which have been completely ignored by the Bureau by resorting to arbitrary substitutions. This is evident from the findings of the Rath Committee itself. The index must, therefore, be corrected at least for the period January 1982 to the last month before the introduction of the new series.

Additional adjustments in the Index to offset the effect of improper substitutions/imputations and effective pricing units, etc.

On the basis of concrete evidence led on behalf of the A.I.TU.C., the Rath Committee took pains to pin point a number of instances of patently absurd imputations as well as totally unrealistic pricing units utilised in computing the 1960 Index. The Committee also pointed out instances of improper substitutions relating to items other than clothing in compiling the

Index from month to month and year to year throughout the last two decades. Pointed attention in this connection may be drawn to the observations/remarks contained in paras 4.56, 4.57, 4.59 and 4.63 at pp 49-50, 51, 52-53 and 55-56 respectively of the Committee's report. The Committee also found fault with certain important aspects of price collection procedure followed by the price-collection machinery. It also adversely commented on the unrealistic selection of shops and markets- vide paras 6.5 - 6.8 at pp 64-66.

The Rath Committee had estimated a loss of nearabout 3 points in the overall Index back in the year 1977-78 resulting from faulty Index for house rent and rationed commodities alone. This itself is in our reckoning a gross under estimation of actual deflation suffered by the 1960 Index on these two major counts. Even this deflation or shortfall developing and mounting in direct proportion to the overall increase in the Index would today be represented by more than double that figure worked out mathematically. Additional upward adjustments on account of improper substitutions/imputations and highly defective pricing units coupled with price collection procedures heavily loaded against the workers, would easily take the figure to a much higher level even according to the modest findings of the Rath Committee.

It is only after settling the basic proposition set out above that the issue of examination of the propriety or otherwise of introduction of the 1982 Index could be taken on the agenda.

Restatement of basic stand-point of workers
vis-a-vir Consumer Price Index.

As correctly admitted by the Seal Committee itself "..... However, in India Consumer Price Index for industrial workers is primarily used for determination of Dearness Allowance payable to industrial workers and others including Central and State Government employees in the country. It is necessary that this aspect is also kept in view".....(para 2.7 at p.6 of the Seal Committee Report). In a capitalist society the entire price mechanism is wielded and manipulated by the capitalist class with a view to ensure the appropriation to itself of major portion of gains arising out of work and labour of the society in general and working people in particular. As a consequence, variations in prices lead to a flow of considerable amounts of money from one class to the other. Naturally, therefore, as far as the Trade Union movement is concerned the sole yardstick to be applied to judge the soundness and overall accuracy of the 1982 Index, or any other Index for that matter, is whether and to what extent it correctly and faithfully, reflects and would continue to reflect during its life time, the actual, precise, degree of rise in the prices of essential goods and services which go into what is termed as the consumption basket of an average wage earner or salaried employee.

Examined or viewed from this stand point and measured by the yardstick derived therefrom, the 1982 Index would appear to be designed not only to conceal the real rise in prices but positively to subserve the interests of the employers as a class by depressing the index further, yielding index figures which would consistently decline in relation to the real price-rise.

Tables I-A and I-B appended hereto illustrate concretely how the 1982 based index is designed to conceal the real rise in prices to a much greater extent than the 1960 based index, which has itself been proved to underestimate to substantial degree the actual rise in prices.

Table II appended hereto illustrates how the proposal of the Government to introduce the 1982 based index series, taken in its present form would lead to the imposition of a palpably fraudulent C.P. Index on the working people.

Questionable validity of the 1982 based Index

As stated in the introductory portion of this note, the A.I.T.U.C. would not in principle accept the validity of/genuine and meaningful consultation with the trade union movement on all essential aspects of the Index is fulfilled. Such consultation has to take place at various stages of its compilation, beginning from preparatory work of family living survey to the stage of finalising the method and procedures connected with price collection from month to month. In this connection we are constrained to emphatically refute the claim of the Labour Bureau that such consultation has taken place at different stages. Barring a few/rare exceptions, there has been on consultation with the workers' representatives in most of the states - or at the centre. In accordance with the persistent and totally unanimous demand of various T.U. centres, as fully endorsed and unambiguously recommended by the Rath Committee, representatives of Trade Union Centres should have been consulted at least in:-

~~an index series~~ unless and until the basic ~~requirement of~~

(i) Discussing and finalising the methodology of the 1981-82 survey; (ii) scrutiny of price-collection and survey schedules; (iii) preparation of sample design; (iv) determination of sample-size (v) examination of statistical aspects of the technique of preparation of the weighting diagram - e.g. simple vs. weighted average of family expenditure in different wage groups, etc. (vi) selection of popular working class markets as well as of shops and outlets to be listed for price-collection; (vii) details of procedures to be adopted for price-collection work from month to month. This would include taking of decisions with regard to imputations and substitutions which might become necessary due to disappearance/non-availability of a particular priced item or of a particular quality of one item or the other; (viii) taking of decisions with regard to adjustments due to quality deterioration or degree of splicing to be applied, and finally arriving at arrangements in order to ensure a continuing dialogue or consultation among the representatives of Index-users through the forum of national and state level committees so strongly recommended by the Rath Committee.

Total failure of the authorities concerned to observe the foregoing essentials at the very outset shakes the workers' faith in the validity and correctness of the 1982 Index.

Subject to the above observations, however, we would like to set out briefly our main objections/criticism on more apparent and serious deficiencies which render the 1982 Index irrelevant so far as its claim of being an instrument for measurement of rise in prices and hence in cost of living of a working class family is concerned.

The following serious deficiencies again introduced in the 1982-series are listed below.

- (i) Qualitative adjustment (splicing) in prices of rationed commodities wrongly ruled out;

- (ii) The weight for ration price wrongly based on 'availability' not on actual off-take;
- (iii) 'Black market' or open market prices in areas under statutory rationing have not been taken into account at all;
- (iv) House rent index not based on a moving sample, nor quality adjustments made for deterioration in the quality of old houses. Rent for the so-called 'rent free' houses taken as zero instead of equating it with the Index compiled for self-owned tenements;
- (v) Price-Index of 'free' or 'concessional' supplies wrongly treated as zero, instead of equating it with the price-index of nearby centres.

CLOTHING INDEX

Specifications or quality description in respect of major cotton clothing items are totally inadequate, incomplete or vague specifications or quality-description, unrealistic pricing units, etc. continue to distort the 1982 Index too, thus paving the way for arbitrary substitutions, improper imputations and under pricing of the commodities by the price-collection machinery and the Labour Bureau Staff.

Of particular concern are the vague and confusing quality descriptions of items in the major group 'food' besides items in certain other groups with substantial weightage in the weighting diagram. The 'food' group naturally enjoys the highest weightage in the consumption basket, accounting for 52% of the family expenditure in the All India Index. In majority of states the item 'wheat' has either the highest or substantial weightage in the 'food' group. Quality descriptions laid down even in case of such an important item in many instances are certainly not such as could enable the exact quality of the base year to be identified uniquely. For example quality description in case of wheat in Delhi is "Gehun, Desi, Medium". Now market enquiries reveal that wholesale prices of different grades of 'desi' wheat range from Rs. 230/- to Rs. 315/- per quintal. Where would one place what has been described as 'medium' quality? It could cost anywhere between, say Rs. 250/- to Rs. 275/- or Rs. 280/- per quintal depending solely on the almost untrammelled discretion of the price collector to exercise his own option on the quality to be priced.

Sugar, another important item in the main group has also in most cases met with indifferent treatment in the basic aspect of quality description in the base-year. 'Medium', 'mill made' small crystals etc. do not at all render the quality of the base year uniquely identifiable. In most states of northern India, for example nearly seven different qualities/grades of this item are generally available. They are (i) Sugar grade 'A' (ii) Grade 'B' (iii) Grade 'C' (iv) Sugar Grade 'D' (v) Grade 'Sulphur' (vi) Lyzer (vii) imported prices of these qualities range from Rs. 5/- per Kg. to Rs. 7/- per Kg. Mere size of crystals can not determine the quality, or price.

Quality descriptions in case of such an essential group as 'clothing, bedding etc.' continue to suffer from the same serious deficiency which marked the 1960 Index. Here also the door is left wide open for the price collection machinery to resort to arbitrary substitutes leading to substantial deflation of the clothing Index.

The 1982 Index is thus, in essence, more retrograde and damaging to the interest of the workers than the 1960 one. In the name of 'wider coverage' of items in the consumption basket, it contrives to reduce the weightage of major and essential items of consumption. Introduction of all manner and variety of 'consumer durables' in the basket not only reduces the weightage of essential items, mainly under the major group 'food', but also ensures that the index can be subjected to depression in future due to (i) negligible or slow rise or even likely fall in prices of items like transistors, radios, T.Vs, electric fans, watches, tape-recorders, sewing machines, etc. (ii) Price-deflation resulting from undetectable fall in the quality of items like steel utensils, steel furniture, cot or charpoy made of 'bamboo' and 'ban' of undefinable quality, etc.

Yet another major factor that considerably distorts the weighting diagram of the 1982 Index is the disproportionate inclusion of single member families in the sample surveyed. Experience of Trade Unions in every state/centre does not at all accord with this finding, regarding composition of working class households. We cannot, therefore, be expected to accept it. Apart from this when single member families are included in the sample, the fact of regular remittances by them to their families residing in out-station areas must be fully taken into account. These remittances fully partake of the character of consumer expenditure, incurred by their families which could as well be living with them, but for non-availability of living accommodation. These remittances do not in real sense of the term constitute 'savings'. A remittance must in such situation be treated as a 'price' paid for purchase of essential items of consumption for the family. Its weight must accordingly be distributed pro-rata over the major groups 'food' 'fuel and light', 'clothing, bedding and footwear'.

DERIVATION OF LINKING FACTOR

As repeatedly stressed by us, the question of establishing a linking factor between the two Index series at the present stage does not at all arise. When, after thorough rectification of both the Index series, the question does at last arise, we would insist on full discussion in the light of the results of such rectification for devising a method for the linkage. In any event the 'arithmetic' method suggested by the Labour Bureau, has to be rejected outright, as a fraudulent device to deprive in ever increasing measure millions of workers of their legitimate compensation against price-rise by way of DA. As amply demonstrated by the figures in table II, the 1960 based All India Index losses exactly 20 points by the end of the year 1985 on the basis of the linkage method proposed by the Government. This disparity between the real 1960 Index and the Index worked out on the basis of the linking factor established as per Government proposal, would continue to develop and mount in direct proportion to increase in price-level, playing havoc with the workers' living standards. The linking factor in our considered view has to be worked out on the basis of the average of the two series during a period of 12 months immediately preceding the introduction of the new series.

T A B L E No. I (A)ILLUSTRATING % INCREASE IN PRICES AS REFLECTED IN THE 1960-BASED INDEX SERIES

I	II	III	IV	V
Average index for the year 1982 with 1960 = 100	Average index for the year 1983 with 1960 = 100	% increase between 1982 and 1983 as reflected in the index.	Average index for the year 1985 with 1960 = 100	% increase between 1982 and 1985 as reflected in the index.
475	531.75	<u>11.95%</u>	608	<u>28.00%</u>

T A B L E No. I (B)ILLUSTRATING % INCREASE IN PRICES AS REFLECTED IN THE 1982-BASED INDEX SERIES

I	II	III	IV	V
Average 1982 based index for the year 1982	Average index for the year 1983 with 1982 = 100	% increase between 1982 and 1983 as reflected in the 1982 index	Average index for the year 1985 with 1982 = 100	% increase between 1982 and 1985 as reflected in the 1982 index
100	109.99	<u>9.99%</u>	123.83	<u>23.83%</u>

Conclusion: The 1982-based index conceals the real increase in prices even to a greater extent than the 1960-based index which itself underestimates to a considerable extent the actual price rise.

T A B L E No. II
TABLE SHOWING THE DEPRESSION OF 1960-INDEX POINT RESULTING FROM THE SCHEME FOR
COMBINING THE SERIES WITH THE 1982 INDEX AS PROPOSED BY THE
GOVERNMENT.

A px.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Sl. No.	Name of Centre	Av. CP Index for the year 1982 with 1960=100	Linking factor between 1982 and 1960 Index series based on the Av. figures of two in 1982.	Av. C.P.I. for the year 1985 with 1960=100	Av.C.P.I. for the year 1985 with 1982=100	Linking factor based on figures in column 5 & 6.	1960 Index for 1985 calculated with linking factor in Column 4 and Index figures in Column 6.	1960 Index for 1985 calculated with linking factor in column 7.	Extent of loss of 1960 Index Points with L.F. in Column 3.
1.	All India	475	4.75	608	123.83	4.91	$123.83 \times 4.75 = 588$	$123.83 \times 4.91 = 608$	20
2.	Kanpur	464	4.64	595.91	125.50	4.75	$125.50 \times 4.64 = 582.32$	$125.50 \times 4.75 = 596.13$	14
3.	Bombay	490	4.90	639.92	130.00	4.92	$130.00 \times 4.90 = 637$	$130.00 \times 4.92 = 639.60$	2.6
4.	Hyderabad	482	4.82	609.50	121.58	5.01	$121.58 \times 4.82 = 586.02$	$121.58 \times 5.01 = 609.12$	23.10
5.	Ahmedabad	478	4.78	589.17	121.91	4.83	$121.91 \times 4.78 = 582.73$	$121.91 \times 4.83 = 588.82$	6.09

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
6. Calcutta	438	4.38	598.06	124.08	4.82	124.08×4.38 = 543.47	124.08×4.82 = 598.06	54.59	
7. Coimbatore	486	4.86	658.08	126.83	5.19	126.83×4.86 = 616.39	126.83×5.19 = 658.25	41.85	
8. Jamshedpur	453	4.53	563.04	123.00	4.58	123.00×4.53 = 557.19	123.00×4.58 = 563.34	6.15	
9. Delhi	500	5.00	631.50	125.83	5.02	125.83×5.00 = 629.15	125.83×5.02 = 631.66	2.51	
10. Amritsar	484	4.84	608.75	121.08	5.03	121.08×4.84 = 586.03	121.08×5.03 = 609.03	23	
11. Madras	462	4.62	614.92	125.67	4.89	125.67×4.62 = 580.60	125.67×4.89 = 614.53	33.93	
12. Bhopal	512	5.12	666.17	119.17	5.59	119.17×5.12 = 610.15	119.17×5.59 = 666.16	56.00	
13. Bangalore	528	5.28	667.58	121.67	5.49	121.67×5.28 = 642.42	121.67×5.49 = 667.97	25.55	

SOARING PRICES
Wholesale Price Index

(1970 - 71 = 100)

	<u>All Commodities</u>
August 9, 1986	381.7
<u>1987</u>	
January	379.8
February	378.8
March	377.4
April	378.9
May	390.1
June	391.3
July	401.5
August - 8	404.8
August - 15	407.8
August - 22	410.3
August - 29	410.9
September - 5	409.7

CHANGES IN WHOLESALE PRICE INDEX

(1970 - 71 = 100)

<u>Commodity Groups</u>	<u>% change</u> <u>during April - August 1987</u> <u>over April - August 1986</u>
All Commodities	5.6
Primary Articles	7.1
Pulses	9.9
Milk and milk products	34.8
Non-food articles	24.7
Fibres	48.5
Oil Seeds	30.9
Edible Oils	34.5

Foodgrains prices have increased by 13.9 percent during the first five months of the current financial year. During April-August prices of pulses have gone up by 26.6 percent. In the last two months alone, the prices went up by 16 per cent. This is in sharp contrast with the situation in April-August 1986 when foodgrains prices declined by 1.4 per cent and pulses by 11.5 percent.

Prices of oilseeds went up by 40 percent and those of fibres by 36.2 percent. Non-food articles as a whole have become costlier by 28 percent. Among the manufactured products, Sugar, Khandsari and Gur prices rose by 24.4 percent, edible oil prices by 25.6 percent.

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ALL - INDIA
AVERAGE CONSUMER PRICE INDEX
NUMBERS FOR INDUSTRIAL WORKERS

(Base 1960 = 100)

1985	-	608
1986	-	661
<u>1987</u>	-	
January	-	688
February	-	686
March	-	686
April	-	691
May	-	703
June	-	715
July	-	724

CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS
(1960 = 100)

		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
January	-	563	588	629	688
March	-	558	586	638	686
July	-	585	615	668	724
January - July Increase		22	27	39	36
March - July Increase		27	29	30	38

The value of the rupee has further dwindled by over 9 percent in the four months upto July 1987 from 13.81 paise in April to 12.65 paise due to unabated rise in the prices of all commodities.

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GENERAL COUNCIL MEMBER SUBSCRIBERS OF AITUC JOURNALS

According to an earlier decision of the General Council, every General Council member is expected to enrol as subscriber of either of the AITUC journal - the TRADE UNION RECORD or the AITUC SAMBAD. The Table below shows the latest position state-wise:

States	Number of General Council Members	Number of Subscribers of TRADE UNION RECORD	Number of Subscribers of AITUC SAMBAD	Total No. of Subscribers	Number of G.C. members who are not subscribers to either.
Andhra Pradesh	36	17	-	17	19
Assam	5	1	-	1	4
Bihar	36	7	6	13	23
Delhi	13	9	3	12	1
Goa	2	1	-	1	1
Gujarat	7	4	-	4	3
Haryana	6	3	2	5	1
Himachal Pradesh	3	1	1	2	1
Karnataka	16	7	-	7	9
Kerala	23	10	-	10	13
Madhya Pradesh	18	8	5	13	5
Maharashtra	29	10	1	11	18
Manipur	2	-	-	-	2
Orissa	9	2	-	2	7
Punjab	11	3	-	3	8
Rajasthan	6	2	1	3	3
Tripura	1	-	-	-	1
Tamilnadu	25	11	-	11	14
Uttar Pradesh	23	8	1	9	14
West Bengal	39	21	-	21	18
Coopted	18	7	-	7	11
		132	20	152	176

THE PAYMENT OF GRATUITY ACT AMENDMENTS

The Central Government by a notification has given effect to the latest amendments to the Payment of Gratuity Act from 1st October 1987.

The major amendments are:

- (a) The Salary ceiling for the purpose of eligibility has been raised from Rs. 1600 per month to Rs. 2500/- per month, "or such higher amount as the Central Government mayspecify."
- (b) The number of days on which an employee has actually worked under an employer shall include the days on which he has been
 - (i) laid-off,
 - (ii) on leave with full wages, earned in the previous year
 - (iii) absent due to accident in course of employment.
 - (iv) maternity leave in case of female employee.

An additional Explanation at the end of subsection (2) in Section 4:

- (c) "In the case of a monthly rated employee, the fifteen days' wages shall be calculated by dividing the monthly rate of wages last drawn by him by twenty-six and multiplying the quotient by fifteen."
- (d) Ceiling on quantum of Gratuity "fifty thousand rupees" in place of "twenty months' wages."
- (e) Gratuity to be paid within thirty days from the date it becomes payable failing which the employer shall pay, from the date on which the Gratuity becomes payable to the date on which it is paid, simple interest *at* the rate of 10 percent per annum.

Unions should see that the amendments are properly implemented by the employers now that the amendments have come into force from 1st October 1987.

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