

The Tata Iron and Steel Company Limited

SOCIAL AUDIT COMMITTEE

REPORT

Bombay
9th July, 1980.

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Chapter I

INTRODUCTION AND PERSPECTIVE

"Mention the name Social Audit in the Board Rooms of some companies and you run the risk of being carried out on a stretcher. Why should these two words be such an effective trigger of the corporate adrenalin?" That was John Elkington reviewing *'Business through the Looking Glass'*.*

2. The Tata Iron & Steel Co. Ltd. (Tisco) is not one of these companies, for it took the initiative to invite this Social Audit. It is the first Social Audit ever undertaken by any company, public or private, in India.

3. By a resolution passed on 22nd May 1979, the Board of Directors of Tisco approved the proposal to appoint a committee to go into the question whether and to what extent the Company had fulfilled its obligations under the broad head of social and moral responsibilities under Article 3A of its Articles of Association. The Committee, subsequently appointed in October 1979, consisted of three persons as follows:—

Mr Justice S. P. Kotval—Chairman
Prof Rajni Kothari
Prof P. G. Mavalankar

4. Article 3A was added comparatively recently to the Articles of Association of the Company by a special resolution passed on 28th January 1970. While it speaks of a number of subjects, the Committee was entrusted with seeing whether the Company had fulfilled a limited part of its provisions, as set forth in the following terms of reference:

"To examine and report whether, and the extent to which the Company has fulfilled the objectives contained in Clause 3A of its Articles of Association regarding its social and moral responsibilities to the consumers, employees, shareholders, society and the local community."

John Elkington is the editor of Environmental Data Services (ENDS) Ltd., London and the review appeared in the 'New Scientist' of 7th September 1978.

5. The reference thus speaks of social and moral responsibilities of the Company in five spheres, viz. (i) to the consumers, (ii) to the employees, (iii) to the shareholders, (iv) to society, and (v) to the local community. It was not as if the Company was about to undertake these tasks for the first time pursuant to the resolution passed. Our examination of records shows that the Article merely translates into a legal obligation what the Company had undertaken to do ever since its inception in 1907. Long before he passed away, its illustrious founder, Jamsetji Tata, had laid this down as its policy during his life-time and instructed his heirs and successors to constantly bear it in mind and implement it in letter and spirit. The article thus reflects the dream of a seer.

6. This Committee was for some time unable to meet because of the preoccupations of its members, but individually both the members had met and discussed the procedure and the subject matter with the Chairman of the Committee at Bombay. Ultimately, the Committee visited Jamshedpur for seven days from the 15th to the 21st February 1980. During this visit, whenever possible, they talked with the workers during their work and with the President, General Secretary and Assistant Secretary of the Tata Workers' Union and some heads of departments. They also went round the Town and places where the Community Development work in the city and suburbs and much of the Rural Development work outside the city was being carried on. It paid a second visit to Calcutta, Jamshedpur and saw some of the mines from 21st to 26th April 1980.

7. Though social audits have been undertaken in a number of countries, principally the U.S.A. (to which the practice owes its origin), Japan, U.K. and one or two other Western countries, the subject has not yet attained the status of a science. There is no agreement, much less unanimity, among its most ardent proponents, particularly as to its basic principles or its true objectives. It is only a child of the last decade during which there has been a growing concern with the environment and problems of pollution, consumer-protection, workers' safety and equal employment opportunity have come to the fore as a result of a high degree of industrialisation. Melvin Anshen*, an eminent authority on the subject, in editing the book *'Managing the Socially Responsible Corporation'*, says this of social audit:

*Melvin Anshen is Paul Garrett Professor of Public Policy and Business Responsibility at the Graduate School of Business of Columbia University.

"The social audit has been described as an idea whose time has come but which isn't ready to be taken off the drawing board and put to work."

After reviewing the case for and against, he has this to say in conclusion:

"On balance, the skeptics have a case. In both the conceptual and technical areas there are serious unresolved problems that make it unlikely that valid, specific corporate audits can be carried out with currently available knowledge and skills."

For these reasons, the subject of Social Audit is not also prescribed as a curriculum or even as a part of one in any faculty in any University.

8. In the United States, one of its principal authors and leading practitioners is Dr Clark C. Abt of Abt Associates Inc., Cambridge, Mass. In his book, *'The Social Audit for Management'*, he suggests that a Social Audit should as far as possible be approximated to an ordinary commercial audit; that this should be based on a social balance sheet with a 'credit' side and 'debit' side. He calls them 'inputs' and 'outputs' or 'costs' and 'benefits' so far as the social balance sheet is concerned.

9. So far there would be little difficulty and one may suspend one's scepticism about the basic approach. However, Abt goes on to state that every 'input' and 'output' must be measured in terms of dollars or other currency. *"The basic purpose of a business corporation is to maximise the financial return, earned on its financial investment plus the amount of social return on its social investment. To make rational investment decisions on the social area, it is necessary to know what are the social reports and if we are to assess them by the same measure as for financial investment, this must be expressed in dollar terms"*. He further asserts that sooner or later the social balance sheet must become a mandatory part of the normal commercial balance sheet of the company.

10. For this purpose, Abt has developed the concepts of 'consumer surplus' and 'shadow pricing'. The 'consumer surplus' is the difference between what a consumer would be willing to pay for a given economic good and the actual price charged. If, for instance, during an epidemic, the company supplies a drug to cure malaria at a subsidised price, the 'consumer surplus' would be the market price of the drug less the subsidised price which the consumer pays to the Company. If it is supplied free of charge, then the consumer surplus would be the market price.

11. According to Abt:

“Consumer surplus’ is not the only measure of the social value of a product or service to a consumer; there are additional factors to be considered. For example, it is conceivable that a new type of drug might create a fairly substantial consumer surplus by curing the common cold at a price substantially lower than what consumers are willing to pay for it. But the drug might also create toxic side effects in a significant percentage of the persons using it, with enough debilitating consequences to be measured economically in terms of lost working days. In such a case, the ‘consumer surplus’ (net social benefit to the consumer) would have to be reduced by subtracting from it the social cost of the unhealthful side effects to produce a net social benefit (or cost) to the consumer of the particular product.

“In cases where demand curves are not available for a particular product or service the consumer surplus concept can still be applied to determine the net social worth of a product to consumers by combining it with ‘shadow pricing’.”

12. This may appear somewhat arbitrary but is not entirely so. Abt suggests two bases for ascertaining the ‘shadow price’. Firstly, compare the price intended to be fixed with prices of similar products or services which a similarly placed corporation pays for them or is willing to pay. Secondly, if that data is not available, take a ‘random sampling’ among its own workers as to what they would be willing to pay for such a product or service. On these two bases, form your own estimate of the ‘shadow price’.

13. In Appendix D to his book, Abt illustrates his theory by giving a series of questions put to him by workers of the Kansai Electric Power Company of Osaka, and his answers. For instance,

“Question: How do you handle those social benefits which cannot be translated into monetary terms, such as the degrees of, first, environmental improvement due to pollution abatement measures; second, accident prevention due to safety measures; third, improvement of services to the consumer and constituency; and, fourth, environmental beautification due to tree planting?

“Response: All these can be translated into monetary terms. Environmental improvements are worth as a minimum what they cost or the cost of unimproved environment which they

avoid. Accident prevention is worth the money equivalent of lost man hours, plus the cost of medical care saved. Improved services are worth their market (shadow) price. Tree planting is worth its cost or the cost of an equivalent environment."

14. A second illustration of Abt's theory, albeit a little lengthy, is very apposite in the context of what we are about to say:

"A typical corporate action having significant social impacts might be the building of a new factory. Let us assume that for economic reasons the new factory is to be built near a public park and that the factory employs chemical processes that give off a bad odor. The following estimates would be taken by a social auditor, in sequence: First, the population affected by the company action would be determined. This would include all the individuals living in the neighbourhood of the new factory who are subject to the bad smell and all the individuals from the neighbourhood or elsewhere who are accustomed to using the park that is now affected by the bad smell. The next problem is to determine whether the social impacts of the smell on this population are positive or negative. On the basis of simple analogy with past experience, it can immediately be determined that bad smells are overwhelmingly regarded as a social cost rather than a social benefit. The question then is to determine the monetized market-equivalent social cost per person affected so that it can be multiplied by the total number of people affected to yield the total social cost.

"The average unit social cost of the bad smell to those community individuals and park users affected can be determined by what the market worth of a non-bad-smelling air supply is to them. . . . The differences in rental rates and land prices yield the market worth of the good-smelling air. This average unit market worth of the good-smelling air can then be multiplied by the number of people affected by the bad-smelling air to determine the shadow price of the social cost imposed on them by the location of the bad-smelling factory.

"This is not yet the total social cost of the bad-smelling factory because there are probably numbers of users of the park who now suffer a social cost because of the bad smell but live far enough away from the park not to be affected by the social cost imposed on rentals or land values. . . . The social cost of the bad smell to the non-resident park users

is the additional cost they have to spend to regain the quality of park use that they had before the factory was built. This can be computed by determining the average unit cost to the park user of travelling to another, probably more distant, park equivalent in other qualities and without the bad smell . . .

"The placement of a factory is a socially significant action. The physical result in this hypothetical (but typical) case is smell and air pollution. The psychological result is that the people who live in the neighbourhood are immediately opposed, first because they anticipate that they will not like the physical effect, and then because they suffer direct unpleasant effects. The behavioral result is that some of them move away because they are angry and they don't like the physical effect. The economic result of their moving away is a drop in land value and land price, and that drop in land price totaled for all the people affected is the monetary impact or social cost of that social action. One could add the cost of lost trade by local merchants whose out-of-area customers are driven away by the bad smell.

"In every case imaginable, either the direct market price of a particular social benefit or cost can be determined, . . . or where there is no market price involved, the market worth can be determined by shadow pricing."

We have specially selected the latter illustration because the lovely Jubilee Park in Jamshedpur is within $\frac{1}{2}$ or $\frac{3}{4}$ th of a mile of the Works. It is being affected by pollution.

15. One of the key problems which confronted the Committee at the threshold was whether to apply these and other sophisticated principles of measurement and evaluation to the social performance of the Company. We came to the conclusion that it is not possible to accept this ultra-sophisticated theory for, in the first place, it would be impossible to find, in the words of Abt, 'comparable neighbourhoods where the only difference among them is the olfactory quality of air' — not certainly in the wilds of Bihar. Secondly, as to 'shadow pricing', we have to remember the class and category of persons and their education or want of it and other circumstances before venturing on any estimate derived from their replies to a random sampling.

16. An important difference should here be noted and emphasised. In propounding their theories, Abt, as also other theorists, have at

the back of their minds, social performance towards their employees, their dependants and/or consumers and others connected with the Company. By consumers, they imply consumers of the products of the Company. But at no stage have they, within their contemplation, a corporation's social performance towards the public in general unconnected in any way with the corporation. The whole of Tisco's rural development programme is of this category. They spend on an average Rs 30 lakhs a year on it. They have earmarked Rs. 1.5 crores for the ensuing quinquennium. We inspected, for instance, the three dams they are building. The one at Tirildih in the Potka Block with a spillway will irrigate about 150 acres of farmland in the first year and result in the villagers taking two crops a year instead of only one as at present. Though there may be a few employees of the Company who also own farm-land in this area, the dam is primarily meant for use by the villagers in general. This is service to society in general. But the point is that there is no return ('output' or 'benefit') to the Company qua Company. Valuing it, therefore, would be more or less futile but, apart from that, we would have to rely on merely 'shadow pricing'. The Company would not be in a position to assess the value of or even the increase in value of each farmer's crop as a result of the use of water from the dam.

17. As to 'shadow pricing', we have already said that two bases for fixing it have been suggested viz. (i) random sampling or (ii) figures from businesses of a comparable nature. We do not think that either basis can be applied in the present case. Though studies based on random sampling have been carried out in India, to undertake a study of this sort would be excessively costly and the results may not reflect the true state of affairs. Villages in Bihar are spread out over wide areas and many are situated deep inside the forests. The cost of engaging and maintaining a team during the progress of the sampling would also be very high. As to figures from businesses of a comparable nature, there are hardly any reliable figures available for the reason that, so far as we are aware, no other comparable company has undertaken a social effort of this nature.

18. Secondly, except for the workers in Tisco and other factories and their families some of whom live in villages nearby, the average villager who lives by farming ekes out a very precarious existence and his poverty is something appalling. While we are aware that social welfare is not charity, converting social welfare into a mere financial balance sheet would be to deprive it of its true nature.

Even Abt recommends the drawing up of a balance sheet of 'inputs' and 'outputs' only in order to assist the management to take decisions as to how best to utilise the moneys which they spend on better social performance. But conditions in this district being what they are—high level of illiteracy, want of education, extreme poverty of the village folk and their visible desire to improve themselves—we do not think that any such calculations are either possible or desirable. The Company must continue to do whatever they are doing to the maximum extent that their finances and other obligations permit, always taking care to see, of course, that the aid is well utilised and that it does actually reach the people for whom it is meant.

19. Fortunately, even in the U.S. and some of the countries of the West, there are socio-economic theorists whose thinking on this subject agrees with our views. In the year 1973, David F Linowes wrote a book, '*Strategies for Survival*' in which he does not advocate the drawing up of a social balance sheet as Abt does, but only a 'socio-economic operating statement'. His objective is "to report to management and to hold up to public scrutiny what a corporation has done for society on the one hand, and what it has failed to do on the other".

20. On this question, the most incisive criticism of Abt's system of social accounting is set forth by Daniel H. Gray in his book '*Inventing the Social Audit*'. In the words of Gray, "The reason why the effort to apply traditional business accounting to these externalities seems basically unsound to us is that prevailing accounting is married to, and therefore bounded by, the same limits as the prevailing theory of a market economy. Like that theory, it focuses on the world of transactions. But the very problems we want this accounting to cover have become problems precisely because they lie outside the world of transactions."

21. The above discussion would show (i) that there is no unanimity among the theorists of social audit, (ii) that Clark Abt's theory of a social balance sheet on the lines of a commercial balance sheet and his concepts of a 'consumer surplus' and of evaluating this through 'shadow pricing' are all too sophisticated to be applied to the social performance of Tisco whose main social welfare schemes are in the city of Jamshedpur and its environs, in rural areas and in the interests of society at large or the nation itself, and (iii) that we should for the time being, therefore, proceed on the basis of something like Linowes' 'socio-economic operating statement'.

This is specially so when there are no social actions and/or impacts required by law. The Committee has studied the literature on social audit and examined its divers aspects and has come to the conclusion that companies such as Tisco have obligations to its workers and shareholders and to the community in which the Company operates and to the larger society, that these obligations arise from the Company's own understanding of what it owes to society and that such an understanding is based on values and norms that have been traditionally nurtured in India. The Committee has been guided by these values in its evaluation of Tisco's performance in carrying out its various obligations:

22. Thus, while we have been unable to accept the strict theory of taking account of the social performance of a company, we may here observe for future guidance that the Company should make a start as early as possible to gauge for itself the benefits to be derived and which are actually derived from its expenditure on social welfare. A social audit must follow close on the heels of social performance, or else, corporate performance would be merely groping in the dark. As to the future of social audit, Melvin Anshen says *"The imperatives acting on business management will increase in the years ahead and the available options will decrease. The new social contract for business will be fulfilled, at least in general terms, during the coming decade or two"*. (In India it may take perhaps twenty-five years or more, but come it will.) Anshen proceeds to say, *"To the extent that initiatives are not forthcoming on the business side, they will almost certainly be generated on the government side by social pressures acting through the political process to create legislative and administrative responses. This is not a prediction with a low order of probability."* The Company has of course moved well in time to order a social audit, and, while the strict theories which we have referred to may not be presently applicable, the Committee would suggest that whenever proposals for expenditure on social work are put up before the allocating committee, the heads of each scheme should be asked to specify what is the estimated benefit which it seeks to derive during the ensuing year from that expenditure. Details of the estimate must be given so that at the end of the year the allocating committee may be able to judge whether the actual performance has been commensurate with the expenditure sanctioned. This would give a fair idea of the 'cost'-'benefit' ratio. It would also assist the allocating committee when it frames the next budget to determine to which items increased allocation may be made and from which

items expenditure may be cut down. For, after all, all items of social welfare are not of the same importance to the employees or the community at large or society in general for which it is allocated.

23. In the end, we may say that though we have freely expatiated on the theory and principles governing the accounting of social performance, we may make it clear that it is the Management which is ultimately responsible to the shareholders for the disbursement of the funds entrusted to them and it is the Management that will have to determine for itself the allocations to be made.

Chapter II

THE CITY

24. At a time when Max Weber, the great German sociologist, was advocating his theory of transforming a traditional society into a modern one through industrialisation and modern management, little did he know that in the jungles of Bihar an Indian visionary had already planned the establishment of the first Steel City (not a mere factory) in Asia. The late Mr Jamsetji Tata, Founder of The Tata Iron and Steel Company Limited, passed away in 1904 before his plans could be brought to fruition, but Jamsetji has well and truly laid its foundation and, what is more important, its policy which established the House of Tatas as a leading industrial giant in the private sector of India. Originally, the Tisco Works were situated in two villages called Sakchi and Kalimati in Singhbhum District in Bihar. But on 2nd January 1919, the then Viceroy Lord Chelmsford, who had expressly travelled down for the ceremony, named the town as 'Jamshedpur' in honour of its Founder. Today, with a population of more than half a million people, it can hardly be called a town. It is a teeming though beautiful city.

25. Before he passed away, Jamsetji Tata had, in a letter to his son Dorabji, instructed him:

"Be sure to lay out wide streets planted with shady trees, every other one of a quick growing variety. Be sure that there is plenty of space for lawns and gardens. Reserve large areas for football, hockey and parks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches."

These words well sum up the vision of the man and his hopes for the future of the Company which he unfortunately did not live to see. He was at once a modern ecologist, a true citizen of a secular state and, in his anxiety for the good of the worker, a great democrat. It will be seen from what follows that his heirs and successors have amply fulfilled his instructions.

26. The city is situated in the midst of the most sylvan surroundings; amongst undulating hills and little valleys, lush with vegetation and greenery. It is perhaps one of the best cities in the country

from this point of view. It is situated beside the confluence of two rivers, the Kharkai and the Suvarnarekha and from the inception was thus assured of a plentiful water supply. The site was discovered by a Mr Weld, the Consulting Engineer selected by Jamsetji, with the assistance of a friend, Srinivas Rao, who had wandered through the forests with Mr Weld. Even today, its inhabitants receive abundant water supply not merely for their domestic use but also for their little gardens.

27. From the point of view of administration, Jamshedpur is verily a State by itself. The Company planned, built, serviced, administered and provided security to the town from the very inception in 1907, long before the first steel section was produced on the 16th of February 1912. It has been provided with residential houses, mostly for its employees, and partially for non-employees; and also with roads, schools, a large and well-equipped general hospital, markets, playgrounds and clubs. The annual cost of these services is budgeted today at over Rs 9 crores. In this and the other figures which follow of the cost of the various services and amenities provided by the Company, we have not taken into account the depreciation due to normal wear and tear which the Company bears in addition.

28. Tisco supplies filtered water to the Town. We saw with great satisfaction the four filtration plants which have been set up. Another is about to be constructed at a capital cost of Rs 70 lakhs. The plants are situated in ideal surroundings where no pollution at the ground level can possibly take place. The Company supplies 27 million gallons of filtered water per day to the city and, when the projected plant will be completed, it will supply an additional six million gallons—an amenity, which even a gigantic city like Bombay, with an estimated population of over 7 million people, has not got. For the Works, there is independent drawal of water from the rivers but, for food and drinking inside the Works, filtered water is supplied. About 12 pumps are installed to supply distant housing colonies with the aid of four towers. Three more towers are being projected. The net expenditure on water supply only for the year 1980-81 is Rs 40 lakhs.

29. Jamshedpur is one of the few cities of India blessed with an underground sewerage and drainage system. A net-work of sewers conveys sewage to a modern plant for disposal. On this amenity alone, the Company runs a deficit of Rs 22 lakhs per year. It is no wonder that the health of its population is amongst the best of any city in India and we were told that there has been no

jaundice in Jamshedpur within the past ten years. The bazar or market place is by the side of one of the widest roads in the city at Bistupur and compares favourably with any city in India. Similar markets have been established in nearby areas such as Sonari, Sakchi and Bistupur, though partially by renovating the old markets. The Company has at its own cost built over 3000 pucca shops and stalls in these markets which it lets out on very moderate rents.

30. There are well over a 100 clubs and associations in Jamshedpur some of which we had the pleasure of visiting, as well as a number of religious and cultural institutions like the Ramkrishna Ashram and the Tagore Society and churches, mosques, temples, etc. of all denominations for which the Company has granted loans on easy terms as well as other facilities such as material and services of its staff.

31. The 'piece de resistance' of the city is the Jubilee Park which was donated by the Company on the occasion of its Golden Jubilee and inaugurated by the then Prime Minister, Jawaharlal Nehru, in 1958. It is beautifully laid out in ideal surroundings on a 200 acre plot in which there stands a colourful Mogul garden with multi-coloured lights and fountains, all built by the Company at a cost of Rs 21 lakhs. There are, in addition, a number of small gardens and parks in almost every part of the city where people gather in large numbers in the evenings.

Housing:

32. The Company has over the years built more than 16,000 quarters, flats and bungalows on land belonging to the Company, constructed entirely at the cost of the Company and serviced by it. Besides these, the Company has given about 9,000 plots to its employees on which the latter have, with the aid of the Company, built their own houses. There are also 1,500 houses given to employees and built by the State Housing Board. All these have water and electricity and the large number of bustees or holdings given to persons of low-income groups on a very nominal rent are being rapidly transformed into neat residential areas with independent water connections, latrines, roads and street lights. The Company subsidises the grant of private electrical connections and charges merely 12 paise per unit—of which 9 paise go towards the duty levied by the Bihar State and excise duty. The Company buys power from the Damodar Valley Corporation (DVC)

at a higher rate and adding to that their own generation of power, it costs the Company an average of 21 paise per unit. Of these houses, about 1,000 of the Company's houses are under the occupation of Government Departments or their employees, who now decline to move out. Most of them are also using the facilities provided by the Company in the shape of schools, social and cultural activities and clubs.

33. We were glad to see a fascinating architectural complex in the form of a bustee occupied by Adivasis and it was a surprise to us to see that all the six houses had their entrances facing each other. In short, the houses formed a complete hexagon with a courtyard in the middle where the occupants of the houses met daily. The Chief Town Architect, who had accompanied us, explained that initially these were hutments built by Adivasis in this shape for self-protection, so that if any stranger entered at night, the other neighbours would immediately be alerted and, if need be, come to the assistance of the person whose house he had entered. Today, some of these houses have been renovated and look modern but one can understand the necessity of these people in the days gone by. We had a fairly prolonged and interesting conversation with the head of this bustee. We met him again later as an influential member of the basket-making cooperative of Adivasis.

Health and Conservancy

34. The Company has set up departments to look after roads, the cleaning of drains and the removal of refuse. The Company also carries out periodical drives against infectious and contagious diseases. Small pox and other infectious diseases have been almost wiped out. The eradication of small pox in Jamshedpur is a saga in itself about which we will have something to say later. The Company has provided three fully-equipped mobile vans which tour the bustees not only in Jamshedpur but also in neighbouring villages, vaccinate or inoculate people; and detect and treat the incipient disease. Inoculations for typhoid, cholera, diphtheria and oral polio vaccine for children are provided free of cost. As a result of all these measures, the death rate in Jamshedpur is 6.6 per 1000 (figures of 1978-79) as against the All-India average of 15.00 per 1000 and the infant mortality rate is 28.0 as against the All-India average of 122 per 1000. We hardly found mosquitoes anywhere in Jamshedpur. The Company spends Rs 1½ crores per year on this account, not only helping its own employees but inhabitants of the areas round about Jamshedpur as well.

Medical Services:

35. For years the Company had run a large hospital. But, today, it has been further enlarged and equipped so that it is recognised as one of the best run hospitals in India. The hospital has 800 beds and 140 doctors and specialists attending upon the patients. The doctor-patient ratio compares very favourably with many hospitals in India. It has a number of departments including a fully-equipped modern radio diagnostic and radio therapy department and a cancer centre. We had a long discussion with the Superintendent of the Hospital, who told us that, on an average, about 3500 out-patients are treated every day, and that the Company also sends urgent cases of accidents or otherwise straight to the hospital. If the doctor certifies that the patient should get leave for the stated period, it is invariably granted and, during that time, the employee-patient gets his full pay. If he is afflicted with any disease or trouble, which can be treated only in a special hospital, then the patient is usually sent there as, for instance, to the mental hospital at Ranchi or the hospital at Vellore at the Company's expense. The Company also runs a child clinic where children are immunised against certain diseases and treated for various ailments. Last year, 35,000 children were immunised against polio and other infectious diseases. There were 7,000 cases of child birth attended to in the hospital in the year April 1979 to March 1980. There are also mobile vans with up-to-date medical equipment and a compounder and a doctor-in-charge for child birth cases. The treatment of all employees of the Company is entirely free of charge; and outsiders (i.e. non-employees) are also treated on very concessional terms. In the definition of 'dependants', according to this hospital, are included not only the wives and children of employees but also their parents, grand-parents, and almost all relatives. This appears to us to be most extraordinary though very much in tune with the type of social work that Tisco does—regardless of cost in a worthy cause. The Superintendent of the hospital complained that, since they were not very closely scrutinising who were workers and non-workers, among the out-patients specially, people were coming to the hospital for treatment from great distances and getting their treatment as relations of some employee—a point difficult to ascertain.

36. There are three other hospitals—one eye hospital, the Jamshedpur Eye Hospital, of which a very highly qualified doctor is in charge. There are 80 beds in this hospital. The other is the Ardeshir Dalal Memorial Hospital for Tuberculosis where tuberculosis patients are being treated. It has 125 beds and 65 are

reserved for employees of Tisco. In this hospital, about 600 patients are treated each year. In each of these hospitals, retired employees of the Company are treated exactly on the same terms as employees. There is a third hospital for treatment of cancer patients which is called the Meherbai Tata Memorial Cancer Hospital. It has 50 beds in it. All these hospitals are run by independent trusts or other agencies, but Tisco and associated companies grant them financial assistance. There is also a blood bank to which Tisco gives a donation of Rs 72,000 a year and a leprosy clinic of the Jamshedpur Notified Area Committee to which Tisco donates Rs. 5,000 a year. Besides these hospitals aided by the companies in Jamshedpur there are eight dispensaries in the Town run entirely by the Company. On these medical facilities alone, the Company runs a deficit of over Rs 2 crores per year. This is by far the largest expenditure incurred on a single item of social welfare of Tisco. Of course, to a certain extent, this is part of the Company's statutory responsibility for which in fact the Government has exempted the Company from the Employees' State Insurance Corporation Act. Nonetheless, the Company spends far more than is statutorily required.

37. The expansion of many of these beneficent social welfare activities has suffered a set-back or has been brought to a complete standstill for the past few years because of the litigation pending before the Supreme Court of India. The Bihar Government claimed the lands as being an 'estate' falling under the Bihar Land Reforms Act. Consequently, the Company's buildings and houses standing on these lands as well as all the other facilities described above like roads, sewers, etc. also come under the purview of this unfortunate and ill-conceived legislation. That has however been challenged by the Company and the matter is pending before the Supreme Court and, though a stay has been obtained, no exception has been made or agreed to. The Committee visited places where houses which were partially constructed had been stopped. There is a leper colony at Narayanpur, on the outskirts of Jamshedpur, where the Sisters of Charity headed by Rev. Mother Teresa, are doing excellent work among lepers. They complained to the members of the Committee that they were not having enough accommodation to house the patients and the latter are mixing freely with the rest of the bustee of Narayanpur and were to that extent a danger to the health of that village. The Company on its part is willing to provide the desired accommodation at its own cost but for the Stay Order.

38. On the other hand, as one travels through Jamshedpur city,

one does not see much evidence of any Governmental activity. There is, we were informed, a police station where some complaints are noted. There is a Notified Area Committee functioning, but its entire function is limited to collection of some small funds out of fees or taxes. Some of the statutory functions, which it discharges under the Bihar and Orissa Municipal Act, are approval of building plans, maintenance of cattle pounds, licensing of certain trades, enforcing the provisions of the Prevention of Food Adulteration Act and registration of births and deaths. The Company's Medical Officer of health is one of the members of the Committee and has been nominated the Health Officer of the Notified Area Committee and is also the Registrar of Births and Deaths! The Architecture and Town Planning Department of the Company renders assistance to the Committee in the approval of building plans, though we suppose that that activity has now practically ceased with the Government objecting to any further constructions because of the Stay Order by the Supreme Court.

Consequences of Stay Order

39. Some of the roads require widening but that also cannot be done due to the Supreme Court's Stay Order. But the worst feature resulting from the Stay Order is that some adventurous "Dadas" (muscle-men) are freely distributing the open land to the poor and the ignorant, without any right, title or interest in it, encouraging them to build and exacting large amounts of money from them. The State Government and the local authorities seem to be doing precious little to stop this and, of course, the Company by itself cannot do much in view of the Stay Order. Large slums are thus growing up. We think that the Company would be well advised to place these facts and the consequent impact on the health and the fellow feeling which hitherto existed among the community, before the Supreme Court and ask that the Stay Order may be suitably modified to enable them to carry out such necessary and useful activities, as they may specify.

Chapter III

THE WORKS AND MINES

40. As one enters the Works, one is in the presence of a different panorama. There is first the imposing edifice which forms the main office near the main gate — there are seven other gates to facilitate the movement of workmen and goods vehicles. If one enters the office, the impression is deepened by the marble tiling and the beautiful carved marble staircase. One has to pass the main office from outside in order to reach the Works and, as we enter the road going past the various workshops, the total impression is one of a wide open space in the midst of which are spacious sheds in which the manufacturing processes go on. As the Committee went through some of the sheds and viewed the different manufacturing processes, we talked to various employees — from the Superintendent and Foreman down to a labourer — and we got an indelible impression of the great pride which the workers took in their work and of the 'esprit de corps' which they showed. We never heard any worker referring to the Works except by calling it 'Our Company' ('Hamari Company'). It shows a remarkable identification of the worker with the work which he has been doing as also his satisfaction at the products he was engaged to produce.

41. On 17th February 1980, we were taken to see the Steel Melting Shop No. 3 (SMS 3) and the Wheel, Tyre and Axle Plant as also the Strip Mill. The process of re-melting iron with a view to refining it and shaping it first into ingots and billets and then into various shapes in order to produce different types of products is fascinating. The sheds which we saw were extraordinarily wide, open at both ends and of a great height, with the result that they allowed fresh air to come in and disperse the heat generated by the production processes that are going on. We visited these workshops during the end of winter, but we have no doubt that even during summer the great height of the roof of the sheds keeps away much of the heat of the sun. It shows great foresight and thought on the part of those who originally constructed the workshops. At the same time, we should note that SMS 3 is the most modern among the three melting shops. The other two — SMS

No. 1 and SMS No. 2—do not have the same features as SMS No. 3.

42. We were impressed by the good relationship and friendliness that exists between the supervisory staff and the workers. We had occasion to speak to both, and were agreeably surprised to find that each one had only praise for the other. On scrutiny, we found that the main reasons for this were: a carefully developed system for creating job satisfaction among workers, an elaborate process of joint consultations between workers and management at different levels of representation and authority, and a three-tiered system of resolving workers' grievances, if any, to which we will refer in detail later. We called one of the Assistant Superintendents for an interview separately on a later day and he struck us as a smart and active person. He told us that he was in charge of a work-force of about 1200 workers. We asked him about the health of the workers under him and he gave it as his opinion that it was fairly good. The management also encourages workers to adumbrate any bright ideas. He told us that there is a suggestion box kept in all departments in which any suggestions for improvement could be dropped by any worker and the suggestions were always considered by the supervisory staff as well as by higher officers. We asked him what his experience was as regards the dedication of the worker to his work. And he frankly replied that it was the same as before but that, of late, the workers do claim their rights and lay more emphasis on them, possibly because they are better informed and cleverer than they were when he started out about 19 years ago. He added with some pride that any one of his workers could do better than a worker of any other steel factory. The claim may be exaggerated but such pride can only come when there is job satisfaction. We also observed that the workers of Tisco are extremely hard-working, are usually immersed in their work and display considerable team spirit. The Company is able to take a lot of work out of their workers by reason of their good relationship with the supervisory staff, good pay and service conditions.

43. Within the walls of the Works, there is a work force of about 25,000 workers, outside the Works, in the township and medical and health departments, there are 12,000 workers, and in all the mines put together there are 22,000 employees. This is, of course, excluding the employees at the Head Sales Office at Calcutta and the different sales offices and stockyards at different places in India.

44. The Committee visited Jamadoba Colliery on 21st April 1980. It went underground to see a working face and was happy to note

that the gallery was well ventilated. The coal seam was thick and so the galleries were large enough to allow free and unrestricted movement of men, machinery and materials. As mines go, it was clean and well-tended.

45. The workers had no complaints about treatment or care of their health. There is a well-equipped hospital in charge of qualified doctors. Attached to this hospital there is also a separate maternity ward.

46. However, the workers complained of the great distances they have to travel each day to commence work at the working surface after they were taken down the mine shaft. When we went to see one of those working faces, we were told that it was at a distance of about 1400 metres. Walking through the mines is not the same as taking an evening walk. The surface is fairly uneven and with puddles of water at short distances and one has to take care of the roof overhead at places which is not always as high as the height of the man. Of course, every worker we noticed, and this was not disputed, has a steel helmet on his head, batteries strapped round his waist, a light on his helmet and rubber boots upto his knees. We ourselves had to put on this mining equipment and found it pretty heavy. It must have all weighed about 10 to 12 lbs. Every man has to carry this weight, whether he is a worker or not. But, in addition, the worker has to carry other mining implements such as a drill, which is pretty heavy, shovels, picks, etc. Burdened as he is with this weight and having to walk a mile or more to the working face, he does not feel energetic and fresh enough to work the full shift. Therefore, the workers requested that some arrangements should be made to take them by trolley to the working face. The trolley lines are already laid throughout the main galleries of the mine. We asked Mr B. S. Rao, the General Manager (Collieries), who took us under his charge to show us the mine, about this and he was very reasonable. He agreed that some solution will have to be found to relieve the miner of the tiring tasks of walking up to the mining surface before the shift begins and walking back after it is over. We strongly recommend that this should be done as it would not only save the health and strength of the worker but also leave him more energy to work and result in better production.

47. The Committee visited the Noamundi Iron Mine on 22nd April 1980. It was struck by the cleanliness and orderliness of the working areas. Wide, neat and well-maintained roads connected the

different worksites. The mine was operated with modern machinery and there were few workers about.

48. At Noamundi, no problem as at Jamadoba arises because there is open-cast mining of iron ore and the work is mostly done by machines. At Noamundi too, there was no complaint about the treatment of workers or their health.

49. The main grievance of workers at Noamundi was that there are no proper facilities for educating their children, particularly girls. A school was started for girls and it had over 450 girls attending and it was running very well but the Government took over the school with the result that now the teachers are not paid punctually or well and many of them are quitting. The standard of teaching in the school has seriously gone down. There was almost a universal demand for the commencement of a separate school for the mining community, especially girls, because in these areas co-education is still frowned upon. Even the then Acting Divisional Manager, Mr V. S. Baliga, agreed that this grievance was just and today there is no school where girls can be educated in Noamundi. It has a fairly large population. If a girls' school is started, it will be well-attended. We thought well of the other facilities provided by the Company for its workers—a well-equipped hospital, a gymnasium and a recreation hall were adequate. It seems both the workers and the officers at large were satisfied with these and other facilities that were provided.

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Chapter IV

POLLUTION

50. The manufacture of steel and products of steel does not seem to conduce to cleanliness. When we walked through these sheds a fairly thick layer of dust was covering the floor and, when we returned the same way, we could see that we had left behind footprints on the dust of time.

51. We mention this particularly because it impinges upon a major problem the Company and its workers have to face, and that is the problem of pollution. If one goes to the end of a shed; say the Wheel, Tyre and Axle Plant shed, in the rays of the sun, one can see visibly the innumerable particles of dust floating, some even shining, often colourfully. This pollution of the air is universally pervasive in every part of the Works in a marked degree and, in lesser measure, even outside the Works. The pollution within the Works is in all probability due to certain processes that go on, especially the ash from red hot ingots and billets falling to the ground as they pass over the rollers and the discharge of smoke from the furnaces. Outside the Works, throughout the Town, it is caused by the spewing of smoke from the chimneys charged with particles of coal and possibly iron and different types of noxious gases including the deadly carbon monoxide. No doubt, the chimneys are high and so normally the effusion of smoke and gas and other matter from them does get dispersed in the upper layers of the atmosphere but at some stage it must come down. It is clear that considerable thought was applied to the location of the plant. It is situated in the midst of a wide open countryside and is so located that normally the prevalent winds carry the smoke away from the Town. The full effect of that effusion is not thus felt by the people staying in the Town. But since the day that the Works were constructed, the Town has tended to increase in area in these last seven decades and is constantly expanding round the Works. Most people in Jamshedpur depend for their livelihood on the Tisco Works and its ancillary industries and would like to live as close to their place of work as possible. The height of the chimney only helps to protect the immediate neighbourhood of the Works per-

haps but not the distant habitations where the particles of dust and smoke tend to settle. It is a tribute to the great Founder of the Works that he so planned to situate it that the normal current of air would blow the smoke from the chimneys away from the city.

52. Nonetheless, today there is no doubt that effusions from the chimneys of the Works are a health hazard to the people. The air does not always blow in the same direction nor do the upper layers of the atmosphere always remain up. We had one experience of this ourselves. Rather late one night (around 10 p.m.) we went to the Jubilee Park for a stroll. Through the trees we saw the great pink and black cloud covering the Works. At night while the blast furnace is tapped it makes a glorious sight but, soon enough, as the atmosphere cooled and brought the cloud down, we ourselves were enveloped in a thick pink cloud and found it difficult to breathe. The upper layers of the atmosphere having cooled were settling on the ground and we were probably on the wrong side of prevailing winds then.

53. This problem deserves to be given timely attention.

54. The sintering plant inside the Works is a bit of a hell hole. It is in three tiers which one can climb by a steel staircase or go up in a gigantic lift which was not working on the occasion we visited it. We went through this plant and found that the atmosphere was more polluted than in any other part of the Works. The reason is not far to seek. The machinery on each floor is crowded together and there is hardly any space for fresh air to be let in, since the third tier or floor is closer to the roof than the other workshops. On each floor there are only two persons to attend to the machinery and they have a shift of eight hours each. On the topmost floor, even on a winter's day, the heat was intense as the red hot flux, iron and other material passed over the conveyor belt and, coupled with the polluted air, we found it impossible to stand there for long. Here again, we talked to the workers and, unlike in most other plants, two of them did tell us about their plight. They said they found their jobs extremely difficult and affecting their health. One worker was 52 years of age and the other 54 but both really looked sick and at least 10 years older. They were very thin with sunken cheeks and prematurely grey hair. To add to the poignancy of their plight, at the very threshold of this plant on the ground floor someone has put up a telltale notice on a Notice Board with black letters on a yellow background: "After every two hours, take fresh air for half-an-hour". We are not quoting but as far as we remember this was the legend on the Board. The rest of

the Notice Board had some more 'do's' and 'don'ts' but they were too heavily plastered over with dust or soot or whatever one may call it, to be legible. When the Committee asked the Superintendent whether the advice about allowing workers to have fresh air for half an hour after every two hours was given effect to, he had told the Committee that it was not possible for him to do so in the absence of spare hands on each floor of the plant (two more persons on each of the three floors).

55. In order that we may not be misquoting, the Chairman of the Committee asked the Secretary to the Committee to get a copy of the advice mentioned above. The Secretary, on the next visit of the Committee to Jamshedpur, asked an officer of the Company to get the same. The latter came back and said that the Notice Board was not there! Whoever did this was certainly lacking in any sense of social obligation to workmen. He neither helped the workmen nor the good name of the Company. The Notice was a cruel joke and the Committee was truly incensed on knowing the true facts.

56. The next day we had a long discussion over this and other matters with the Deputy Managing Director and we suggested that, so far as the Sintering Plant is concerned, some relief should be provided to these workmen. After all, it only meant providing six more hands (two on each floor) and we are happy to state that he immediately agreed to give the necessary relief. We sincerely trust that this has been done.

57. Since the above paragraphs 54 to 56 were written, the Deputy Managing Director had come to Bombay for some other work and the Chairman of the Committee met him in this connection. When the Chairman asked him how it had come about that the notice board had disappeared, he said he knew nothing about it and would make an enquiry. The Chairman, therefore, formally wrote a letter requesting him to make an independent enquiry "and let me know why it (the notice board) was removed and under whose orders". In the same letter, the Chairman reminded the Deputy Managing Director about their conversation with him in Jamshedpur on the very next day after they had visited the Sinter Plant. The letter was written and handed over to the Deputy Managing Director on 29th May 1980 at Bombay.

58. Under these circumstances, the Committee was surprised to receive the Deputy Managing Director's reply dated 14th June 1980 to the Chairman of the Committee, not merely saying that such a notice board did not exist but adding that: "However, it might be

possible that you are referring to the notice board near the lift cautioning people about action to be taken during gas hazard and thus prevent any untoward incidents. This notice board has also references to 'Take rest in a place with fresh air'."

59. This reply is a rather crude attempt to cover up the true facts and implies that the Committee was not stating something that was true. All the three members had read the notice and discussed it on the spot among themselves and, later, one of them had pointed it out to the Superintendent (who unfortunately is now no more). Nor was the existence of such a notice board doubted by the Deputy Managing Director when the Committee discussed the matter with him on the very next day in Jamshedpur or a reference to any other notice board made. On the contrary, as mentioned in para 56, he had agreed to provide the necessary relief by giving six additional hands. We deprecate such puerile antics and have no hesitation in rejecting the explanation now offered in the Deputy Managing Director's letter dated 14th June 1980.

Chapter V

EMPLOYER-EMPLOYEE RELATIONS

60. On 20th February 1980, we first interviewed Mr. U. N. Prasad and Mr. S. K. Benjamin, the General Secretary and the Assistant Secretary respectively, of the Tata Workers' Union. The point which they both emphasised was that the worker should be given a chance not only to learn higher technology but also to have a share in the management itself and, for this purpose, the Company should pick up the brighter ones among the workers for further education and/or training.

61. The day after we met them, we had a fairly long interview with Mr. V. G. Gopal, the President of the Tata Workers' Union. He too repeated the point made by his colleagues that the worker should be inducted into the Management of the Company, of course, in stages, and by training him to do managerial work. He pointed out the example of Japan where workers are picked up and trained in managerial skills and it has produced, according to Mr. Gopal, excellent results.

62. He also pressed that the Company should assist the Union in one more matter, viz., give them financial assistance to expand their central office and other buildings or what he called the 'Workers' Union Complex' with a view to establishing an auditorium and an institute for labour studies. He stated that the Union was capable of maintaining these facilities itself if the Company initially contributed towards the capital cost because the Union had 25,000 members and they contributed 1½ days' wages per year towards their up-keep. We thought that this request of the President was not unreasonable and the Company might give serious thought to the subject. (We understand that the Company has since sanctioned a suitable grant for the purpose.) There was no complaint from the officers of the Union about any friction between the workers and the Management or of any ill-treatment of workers.

63. On the other hand, from such enquiries as we were able to make, we are satisfied that there has developed a constructive and amicable working relationship between the Management and

officers and the workers in Tisco. This is due to a number of factors. First, a lead has been given by the Chairman, Deputy Chairman and the Vice-Chairman of the Company who have strictly enjoined on every officer that they should be freely approachable by the humblest among the workers and be always ready to listen to their problems and to solve them if possible. The Managing Director has accordingly set apart a certain day in a week when any worker may see him directly and talk to him. Secondly, whenever he receives a letter from a worker, whatever may be his rank, the Managing Director personally replies to it. This has given much satisfaction to the employees of the Company.

64. Thirdly, there exists since 1956 a well-formulated procedure for the prompt redressal of grievances. Under this system, the worker with a grievance approaches his immediate superior in the first place. If he is not satisfied with the action taken by his immediate superior, he can appeal to the departmental head. In case the action taken by the departmental head also does not satisfy him, the worker can appeal to the Zonal Works Committee. This Committee's unanimous recommendation is final if no objection has been raised to it either by the Management or the Union. Where the Works Committee's recommendation is not unanimous or where its unanimous recommendation is not accepted either by the Management or the Union, the grievance goes up to the Central Works Committee. In the earlier stages, until the grievance reaches the Works Committees, the worker can enlist the help of a Union representative to represent his case. In the subsequent stages, there is no need for such a representation because the Union is already represented on the Zonal and the Central Works Committees.

65. Fourthly, there has been in existence for many years now a three-tier machinery for a closer association of workers with Management. In these forums, workers' and Management's representatives meet regularly to discuss matters affecting production, costs, working conditions, etc. At the base of the pyramid, there are the Joint Departmental Councils which consider matters relating to the departments concerned. Then there is a Joint Works Council for the entire Works which discusses subjects relating to the Works as a whole. At the top, there is the Joint Consultative Council of Management, which though so labelled, is really composed of representatives of both the Management and the workers and it discusses matters affecting the entire Company and Industry. There also takes place an annual meeting of each Joint Departmental Council at which the workers, the supervisory cadres and the offi-

cers of each department meet and at which senior members of the Company's Management are also present. At these meetings, one of which was attended by a member of our Committee, there is a free and frank exchange of views ranging from individual grievances to general suggestions for improving the Departments' working. Finally, the Management has also established a system whereby workers are encouraged to put forward new ideas for the improvement of any processes which may result in the better working of a department and for this they reward the workers in cash.

66. As a result of all these and various other measures taken by the Management, Tisco has a reputation in the country for cordial industrial relations which is the envy of other corporations. There has been no strike in Jamshedpur over an industrial dispute for more than fifty years. The Tata Workers' Union, which is the recognised Union in Jamshedpur, has such excellent relations with the Management that when a move was made by interested politicians in 1978 to nationalise the Company, the Union, on its own, made a strong representation to the Prime Minister against such a move.

Chapter VI

CONSUMERS

67. For the major part of the last decade, there has been a considerable shortage of steel in the country, with the result that sales of Tisco are largely controlled by Government. Government have appointed a Committee, known as the Joint Plant Committee (JPC) to regulate the distribution of steel falling within the scope of JPC.

68. Therefore, so far as sales are concerned, the Sales Department of the Company in Calcutta make a clear-cut dichotomy between what they call 'JPC products' and 'non-JPC products'. The JPC products are mostly mild steel products and their prices are controlled by Government and announced by the JPC at Calcutta. The non-JPC products are mostly alloy steel or special steels and their prices are fixed by the Company itself and they are mostly sold to the engineering industry. The JPC products form the bulk and constitute about 80% of the total production of the Company. They are supplied mostly to priority consumers, such as Railways, the Defence Department, the several electricity boards and other semi-Governmental bodies. Among other consumers are regular traders and private fabricators who make their own products out of steel.

69. As to the quality of the materials, we heard absolutely no complaint. The Company has established 13 centres where qualified engineers are posted to attend to all complaints regarding quality and promptly rectify them. These engineers try to attend to the complaints on the spot either by substitution of good material if they find any defects or by other methods. But if they are unable to rectify the defect, they send out a portion of the defective materials with a report to the Control Laboratory at Jamshedpur. Such cases, however, we were told, are extremely rare. If complaints do arise, more often than not an engineer (who is a metallurgist) is able to rectify the defect on the spot.

70. As regards the Control Laboratory at Jamshedpur, the Company has established a quality control wing from its very inception. Later, the Metallurgical Department was separated in 1925 with an attempt to centralise all process control and testing operations at a

single place. This laboratory is housed in a separate building constructed in 1937. In the early years, the Company took the help of Government inspection agencies like the Director of Inspection (MET) and independent inspection agencies like Lloyds for certifying its products. This was done in order to ensure that the customers get fully tested steel suited to their particular requirements. In 1965, however, the Company took over the complete testing of its own material, after obtaining from the Indian Standards Institution a licence for the purpose, as per the standards laid down by the Institution and subject to supervision by an ISI representative. Since then the total tonnage of steel certified under the ISI certification scheme has gone up considerably. Whereas, it was 41.72% of the despatched quantity in 1974-75, in 1978-79 it rose to 50.63%.

71. Equally rigid is the quality control system maintained by the Company during production. The division responsible for ensuring quality and improving it is manned by a staff of 800 people, most of whom are qualified metallurgists and/or chemists. The quality control staff of the Company works in close collaboration with the local representatives of the Indian Standards Institution and the Director of Inspection (Metallurgy). These Government agencies are also associated with the inspection of many of the critical items.

72. The Company has implemented the distribution policy laid down by Government and has been able to step up the portion of its sales to Government Departments; and to the Small Scale Industries Corporations from 3% to 5%; and has reduced the shares of trade and other non-priority customers whenever required. In the first six months of the year 1979-80, they have met almost 100% of the allocations to the priority sector and the Company's Director of Marketing told us with some pride that Tisco's performance against allocations has been far better than that of SAIL (Steel Authority of India Ltd.) which controls the public sector plants. These results were obtained by a capacity utilisation which in recent years has been almost 100%, unlike at the other plants.

73. There was some complaint that JPC steel was being sold in the open market at a premium from the small quota which is earmarked for sale to traders and rerollers. To that the Company has replied that the steel traders as well as the rerollers are outside the purview of the current price control and the premia the latter exact depends upon the degree to which the demand for steel is in excess of its availability. It was explained to us that this may be due also to seasonal factors or overall long-term imbalances of demand

and supply and various other factors: such as leakages from the priority sector; rejected and surplus stores being released to trade by Government Departments; and secondary producers and rerollers, who are outside the Government distribution system, supplying materials to the market. Further, since the latter part of 1977, market premia have been high enough to tempt some customers of steel to dispose of their inventories in the market rather than utilise their allocations for manufacture. We were told that steps have been taken to check these malpractices, but the Director of Marketing was somewhat sceptical as to whether the steps taken by Government will be able to choke off the supply to the market of surplus JPC steel in periods of extreme shortage. At any rate, for this source of illegal supply and for the exorbitant prices prevailing in the market, no stigma could be attached to the Company.

74. We enquired from the Director of Marketing why there were complaints that the private consumers of non-JPC products were not getting enough steel products. He told us, frankly, that so far as the Company is concerned, they follow what he termed as a legitimate business practice which is to prefer purchasers who have regularly taken the Company's products even when there is a glut in the market. Since these persons stick by the Company, the Company prefers them when there is a shortage. The consumers therefore can hardly have any complaint on this ground. The other reason for selling alloy and special steels to some specific consumers is that the Company wants to keep a regular contact with the consumer. In other words, so far as alloy and special steels are concerned, distribution is consumer-oriented.

75. On an examination of all aspects, the Committee came to the conclusion that the Company has fulfilled its obligations to the consumers.

Chapter VII

SHAREHOLDERS

76. There is no doubt that the Company faces one of its really vexing tasks in reconciling diverse interests when it comes to distribution of profits to the shareholders. The shareholders have expectations of better dividends, a better value in the stock market and generally other rewards in the form of bonus shares, etc. The shareholders have been placing a great deal of trust in the Management of the Company and have generally gone along with the Management. Most of them, however, feel somewhat let down especially in view of the rising spiral of inflation and in view of the fact that other companies have shown better results in respect of both dividends and capital appreciation. There is a feeling that the shareholders' existence has been taken for granted.

77. On the other hand, the Company functions under severe constraints. There is rigid price control exercised by the Government which also imposes ceilings on dividends and their permission is needed at every stage for changing production priorities and undertaking any expansion or diversification. As the Company has stated in a note given to the Committee, all this leads to an inadequate potential for growth and, therefore, poor prospects of capital appreciation. The latter is further reinforced by the continuous fear of nationalisation.

78. The Company's case is on the whole quite clear. During four decades of rigid price control, the Company was often left unprotected against the inflationary forces in the market because Government failed to give timely price increases to offset the cost escalations beyond the Company's control. This has eroded even the meagre profit margins left to the Company by the steel prices fixed by Government. In June 1978, when they did announce increases in steel prices to cover past escalation costs, a ceiling on the dividends payable was fixed by Government at 12% on ordinary shares. In his Annual Statement of 19th July 1978 to the shareholders, the Chairman observed, "Because of pricing policies and constraints on dividends imposed on us by Government or by the financial institutions from which we took loans, our dividends on

ordinary shares have often in the past been less than legitimately expected by our shareholders. I hope they will recognise that the Board has, this year, done the best they possibly could for them in recommending a higher dividend despite the reduced profit." Over a longer period, the Company has stated that in the past 20 years, it had distributed by way of dividends approximately 60% of its post-tax profits. This ratio the Company considers satisfactory. The Company has stated that its performance is better than the record of performance of as many as 1650 joint stock companies in the private sector for which financial analyses are periodically made available by the Reserve Bank of India.

79. Apart from these obvious difficulties, however, there are also important differences in approach between the Company's Management and important sections of shareholders. Thus, on the debt/equity ratio, the Company has taken the view that it should not be placed under a heavy burden of debt, whereas some shareholders feel that it has adopted a rather conservative approach and that it should, in fact, go for a more aggressive debt policy. These shareholders also feel the same about borrowing from public institutions, not accepting the Company's cautious approach in this matter. On the other hand, they feel that the ownership of shares has weighed heavily in favour of the public financial institutions and that the Management has not done enough to maintain control, as for example, by persuading the dealers, workers and executives to participate in ownership of shares. These shareholders also feel that the Company has not done enough by way of diversification of their business.

80. While we see some force in the demand for a higher dividend, the shareholders' representatives have not been able to show us how it is possible to overcome the bar to the increase in dividends placed by Government. The ceiling on dividends imposed on the Company in 1978 when granting the last price increase was for three years and will thus expire only in April 1981. Nevertheless we think that if the Company makes a suitable application to Government stating the view-point of the shareholders and the past history of meagre distribution, Government may accede to such a request. We understand that such an application has been recently made, and have no doubt that Government will consider it on its merits.

81. As regards the other points made on behalf of the shareholders, the Committee feels that, while the concern expressed by the shareholders is legitimate, the Company also seems to operate

under genuine constraints on which it has little control. However, it can perhaps give more thought to issues like the debt/equity ratio and possible diversification. As regards the debt/equity ratio, in the course of discussions, the shareholders' representatives clarified what they meant. Their suggestion is that, with the goodwill and name which Tatas have built up, the Company could very easily borrow much more money in the open market provided they are not so conservative in their terms. In that event, they would not also have to face all those stringent terms which borrowing from the public sector institutions imposes on them. By diversification, the shareholders imply entering into other types of business unconnected with steel and its structural products, just as India Tobacco Company has diversified into hotels, paper-making and fisheries. But, ultimately the problems raised by the shareholders can be handled only in terms of a larger package of policies. First, this will have to be by improvement and modernisation of the existing plant, pending Government agreeing to expansion, and increasing profits which can then be reflected in dividends and better market value. Second, the Company should use all its powers to persuade Government to remove, in time, the control over prices and on dividends.

82. The Committee found it difficult to agree with an undertone of criticism among some shareholders that the Company's policy of better wages and benefits to the workers and of undertaking programmes for the benefit of the larger community and society went against the interests of shareholders. For, not only should the Company carry out its various obligations to the employees as well as the larger community as a matter of principle but this has also led to a higher degree of efficiency in Tisco works and an unparalleled performance in industrial peace and considerable team spirit and discipline which have all resulted in high productivity and utilisation of capacity. The co-operation and response of the larger community have also contributed to this. It is possible to argue that, but for such a climate of co-operation from all segments and the maintenance of certain norms and standards by the Company, it would not have been possible to maintain the reasonable rates of return on investment in the face of various constraints faced by the Company. It is necessary that the shareholders realise this and extend their full co-operation to the Company's programmes of welfare and development and that they do so ungrudgingly.

Chapter VIII

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE PROGRAMME

83. The Community Development and Social Welfare Programme of the Company was started long before any legislation in that behalf was contemplated. It was commenced as early as in 1949. Initially, the Programme covered a very small Adivasi population and later it covered almost 8,000 persons in the Sonari busti in Jamshedpur. Today, it caters to no less than 1,80,000 persons. The welfare programme provides for training in technical trades and allied occupations requiring the development of special skills. Scholarships are also given for education of women and men. A mid-wife ("dai") training scheme is also provided. It was upon the widely acknowledged success of this programme that a need was felt for a full-fledged institutionalised framework of community services.

84. The Community Development and Social Welfare Department is now a separate department headed by the Chief Social Services Manager, assisted by a manager, an assistant manager and by a lady community development and social welfare officer. The latter co-ordinates all programmes and activities connected with women. The total strength of the Community Development and Social Welfare Department is 86 but these workers are assisted by several honorary social workers who are paid a small honorarium. The Tisco Community Development Programme along with similar programmes of sister companies like Telco, Indian Tube Company, Tinplate Company, etc. are co-ordinated by a Steering Committee under the Chairmanship of the Director of Personnel of Tisco. There are in all today 13 community centres with an officer in charge of each centre who is responsible for the implementation of different programmes as finalised and approved by the local management within the limits of the sanctioned budget. The honorary or part-time assistance given to this programme consists of 1,150 people of whom there are 500 honorary social workers, 250 Seva Dal volunteers (male) between the ages of 22 and 45, 150 Mahila Dal (girl volunteers) from 15 to 25 years of age and 250 Yuvak Dal volunteers from 15 to 21 years of age.

85. As we have stated, there are 13 community centres and, while it was not possible to visit each one of them, we asked to be shown two or three at least which were typical of the rest. Accordingly, we were first shown the Sonari Centre. The Sonari Centre was started in 1958 and today caters to a population of 53,000 persons. (We also later visited other centres at Bistupur, Ramdas Bhatta, Bhalubassa, etc.). In these Centres not only employees' children and families are admitted but also a few 'outsiders', viz. non-employees and their children. We saw numerous activities going on there, such as the training of women in sewing, embroidery, book-binding, doll-making, working on the charkha, preparing tapes on tape units, a loom section and a dyeing and printing section. These products, we were informed, are sold to women's co-operative societies which sell items to the Company like uniforms, dusters, pullovers, shovel handles and cane products. The Committee was particularly pleased to find that even deaf and dumb women were working and receiving wages for their work. We saw a deaf and dumb girl having almost completed weaving a woollen shawl which in design and appearance, would rank equal to any similar work in India.

86. There were also classes for young children, both boys and girls, which were conducted by qualified teachers where elementary arithmetic, Hindi and other subjects were being taught. There were regular registers (which we examined) which keep an account of the number of students and their attendance. We must here mention the great assistance which is being given by Mrs. Saran who gives time and services and attends every day to supervise and guide the activities of the Sonari Centre. We were told that similarly other ladies also were assisting at other centres. Mrs. Saran is the wife of a senior officer in Tisco.

87. We were told by those who were showing us round that the educational programme started with 5 pre-school classes with 300 children in all from different bustees in the year 1960. But the educational programme now covers 115 classes with over 4000 children at different community centres. In addition, there are 15 'kishore Shiksha Varg' classes or Classes I and II in which 459 children attend daily. For those children, who wish to join English medium schools later on, the Company is also conducting Montessori classes in which 541 children are being taught. An interesting and innovative experiment is the Urchins' School meant for children of poor employees who tend to wander around and do odd jobs and who thus remain outside the educational stream. There are also classes in technical education for boys where they are taught motor mechanics,

electrician's work, plumbing, carpentry, repairing of air-conditioners, refrigerators, etc. We were also taken round to see other activities sponsored by the Company such as cultural activities, games, sports and physical culture. Each of the activities was in charge of a qualified teacher and it was a pleasure to see the tiny tots perform all kinds of acrobatic feats and different kinds of pyramid formations. There is a retired army officer engaged to teach drill and physical culture to the older persons. One or two of these classes were somewhat over-crowded for the reason that sufficient accommodation was not available and there was a rush for admissions. The courtyard where the drill takes place is not paved nor made into a lawn and considerable dust is churned up which may be rectified.

88. An important part of social welfare, which we appreciated a great deal, was the manner in which the Programme was helping the aged, helpless widows, destitutes and otherwise incapacitated bustee dwellers facing economic distress. They obviously were beyond much active work, but were provided with work suitable to their physical capacity such as the making of thousands of paper-bags which the Company buys to feed its hungry furnaces with ferro-alloys filled in them in order to produce the requisite grade of steel. For each one of these products, those who work are paid and a strict account is kept of these payments as well as of the sale of goods to Tisco and other companies. This type of remunerative social welfare would become well-nigh impossible, but for the purchase by the Company of a variety of products, and the enlightened policy of the Company's local managers who encourage it. We also saw some of these persons in distress doing other work like candle making, printing and weaving. There are also two co-operatives functioning which assist them—they are the Mahila Serva Vikas Audyogik Co-operative Society and the Sonari Community Welfare Society.

89. The Community Development and Social Welfare Department also engages in other interesting activities. Thus in a visit to the Department we had a glimpse of how a lady welfare officer of the Company was virtually arbitrating in a private dispute between a husband and wife. The wife was alleging that her husband was not giving her enough money, had driven her out and was living with another woman. The husband looked sick and very skinny and we wondered how any other woman could fall for him. The case was fascinating to watch but we had no time and we wonder how the welfare officer ultimately decided it. Similarly, we were told that private disputes between the employees of Tisco are being brought

before the social workers of the Company, who help to bring the parties together as far as possible. We were also told that this office undertakes all coordination and follow up with Government rationing authorities to help employees. It obtained in the first year 29,000 ration cards for the employees and now annually renews about 4,000 cards. It also advises retired employees on how to invest their gratuity and provident fund, when received, and their life's savings.

90. In the running of the various local centres, effort is made to involve members of the local community. There is a committee for each locality where a centre is located which meets periodically, makes suggestions to the department and discusses facets of the current programme. We may make three observations about these committees: We attended one such meeting and were favourably impressed by the process of consultation, but we were left with some doubt as to the method of nomination of members of the local committees. The Chief Social Services Manager or some other high officer of the department should ensure that all sections of the community were represented on the local committee. The other point which struck us was that there were no women in these deliberations. The involvement of women social workers through their organisations like Mahila Mandals and the local, very active, branch of the All India Womens' Conference is of course there. However, it is necessary that women in increasing numbers should be brought into the general forums of the community.

91. The third point arises from the fact that although the actual working of the social welfare programme is fairly autonomous, the entire cost of the programme is borne by the Company. While it is praise-worthy that the Company provides these amenities, the danger is that it may make people too dependent on the Company, especially those who do not depend for their livelihood on the Company. Over a period of time, therefore, efforts should be made to generate greater self-reliance in this regard. We suggest that a periodic survey of the community should be made for ascertaining what its real needs are. Thereafter, the Company and the community should jointly decide which of these needs should be met by the Company and which by the community itself and over what period of time. Apart from this, the Company has already provided all other requirements of the Town, the land is theirs, the buildings are constructed by them, the lights, water, roads and other facilities provided in and outside the buildings belong to them and they are kept in efficient working condition throughout the year at the cost

of the Company. In addition to the above, the Company independently looks after the roads, street lights, water taps and public sanitation of the bustees.

92. In 1979, it being the International Year of the Child, the Company, at its own cost, undertook a programme of mass immunisation of children from small pox and other infectious diseases. The Company did this by sending round well-equipped mobile vans fully equipped with diagnostic services. A proposal has also been made and accepted to develop an institution for mentally retarded children, with the existing school run by a social service organisation as a nucleus.

93. Two other schemes are as laudable as they are perhaps controversial, for experience in several parts of the country during the past few years shows that they run counter to deeply-ingrained social habits and kinship structure of these people. One of them has succeeded far more than the other. There is an all-out drive which has begun to be launched to break up the dowry system. The demand of a dowry to marry a girl is as much a legal offence as it is moral one. It gives rise to all kinds of malpractices, especially among lower middle class people and leads them even to resort to crime, ill-treatment of the wife and sometimes doing away with her. It also causes severe hardships to retired employees. Despite legislation, the dowry system practically remains in all its pristine force. It is, no doubt, a very creditable attempt which the Company is making but, we are sure, their officers will be instructed to be careful in going about this part of their duties for it may conceivably break up marriages or intended marriages.

94. Tisco has been undertaking family planning work in Jamshedpur since 1961. It runs a number of family planning centres all over the Town. Not only are vasectomy and tubectomy operations performed free of charge but those undergoing the operations are paid a cash incentive—Rs. 200 for an employee and Rs. 100 for a non-employee. As a result of these efforts, thousands of sterilisations have been carried out in Jamshedpur. In 1972-73, the birth rate in the area covered by Tisco's family planning campaign was 17 per thousand while it was 30 per thousand in the other areas in the Town.

95. This drive for family planning received some set-back during the last few years, in line with what happened in other parts of the country. But Tisco has now decided to redouble its efforts in this direction. It has wisely taken the assistance of the Tata Workers'

Union and, in Adivasi areas, of some Adivasi leaders and their women. The family welfare planning advisory committee of the Steel Company consisting of representatives from the Company, local voluntary organisations and the Tata Workers' Union, set up under the Chairmanship of the Senior Executive Officer (Social Services), has reviewed the entire programme and evolved a strategy to arrest the proliferation of families. The mobile vans, which we have referred to before, also carry with them a lady doctor, or a lady health visitor and public health nurses and 'dais'. The total manpower of the department of maternity, child welfare and family planning is 58. The department is headed by a senior family welfare officer assisted by a medical officer in charge of maternity, child welfare and family planning. The Family Welfare Department is now placed under the social services wing and a new approach has been introduced through closer co-ordination of the field staff of the Community Development and Social Welfare and the Family Welfare Departments. The department provides full pre-natal and post-natal care of pregnant mothers and the necessary medicines, supplemented by nutritional assistance through milk or milk powder based on individual needs. But it simultaneously inculcates the need for limiting families and unobtrusively shows the women how to achieve it. There are in all seven maternity and child welfare clinics and two Urban Family Planning Centres. Each case treated has its own separate card on which is noted the strength of the woman's family. These registration cards form the basis for following up family planning strategy and counselling. Advice is tendered to the male as well as to the female of the respective households by the male and female attendants. There is also a family welfare committee of the community which can bring social pressure to bear because its members are members of the community to which the couple belongs. It is also proposed to form a Population Education Cell which we welcome. The total sterilisation measures taken between April 1979 and December 1979 come to 958. This is apart from distribution of different family planning devices. The family welfare department alone operates on an annual budget of Rs. 9 lakhs.

96. There is a separate Committee created by the Steel Company for the welfare of Adivasis. It is known as the Joint Committee for Adivasi Affairs which exclusively deals with the welfare of the Adivasi community. This committee has, during the past five years, carried out several schemes involving schools and colleges, sports clubs, youth clubs and digging of wells. It also operates a mobile medical facility in the Adityapur areas.

97. We were happy to visit a very active and well-managed co-operative society, run exclusively by Adivasis. The moving spirit behind it was the same man whom we came across in visiting an Adivasi complex of houses (para 33). It breathed an air of efficiency and prosperity which was quite startling. It was engaged in preparing and selling cane work, particularly cane furniture, making of hampers, waste paper baskets and other useful articles—some plain and others in exotic multi colours. Many of its products are bought by Tata companies at prices independently fixed by the Co-operative Society. It was fascinating to see the skill with which the men and women worked intricate patterns. It was originally started with Tata funds but is now an independent co-operative. We should like to see more of this type of self-help engendered.

98. Some of the Adivasi areas were insanitary and during the rains turned into quagmires. The Company has undertaken the removal of these conditions. It has sanctioned Rs. 5 lakhs for laying underground sewers in Nalgram village, Adityapur, as also for paving roads in the village. Rs. 1.25 lakhs have been granted for improving the drainage system in Ulyan bustee. A mobile dispensary has been purchased exclusively for visiting Adivasi villages and two more are being obtained shortly. They will become part of the rural development programme but will be reserved exclusively for use in Adivasi villages.

99. The Joint Committee has also recently accepted a suggestion to construct a model village at Pattipani. Construction has recently started and the estimated cost is Rs. 3.5 lakhs. Apart from houses, a school building and a club house will also be constructed. To provide pure drinking water to the Adivasi villages, the Company as already constructed 49 wells and thereby considerably alleviated drought conditions during summer. Ten deep-bore hand pumps have also been sanctioned and the Public Health Engineering Department of the Government of Bihar would be installing them.

100. The Company has shown much interest in the education of the Adivasis. A primary school which was incomplete at the village of Sarjamda was taken up by the Committee and completed in 1979. At Sitaramdera, though a school was functioning, there was no proper building for it and Tisco has, therefore, built one at a cost of Rs. 3.5 lakhs and handed it over to the school authorities. Rs. 2 lakhs have been spent towards the construction of the Adivasi Jankalyan Ucha Vidyalaya, Mango. A college building has been constructed by the Company at Karandih at a cost of Rs. 3.70 lakhs and has been named as the Lal Bahadur Shastri Memorial College.

101. Tisco has also encouraged cultural, social and sporting activities among the Adivasis. A number of club houses have been constructed in various areas towards these purposes. The Birsa Memorial Hall at Sitaramdera has been built at a cost of Rs. 2.60 lakhs in 1978. A large club house has been constructed at Karandih at a cost of Rs. 1.50 lakhs for the Adivasi youth of the area and is known as the Adivasi Youth Club. At Sitaramdera Tisco has also built a sporting club called the Birsa Memorial Club at a cost of Rs. 60,000 and recently Rs. 75,000 have been spent for a club at Ulyan known as the Kishore Sangh Club. In addition to all these constructions, the Company has at its own cost provided all the sports goods, furniture and fittings for all these clubs. A proposal for imparting technical skills to Adivasis has been accepted and the facilities will be extended through the Community Development Centres of the Company.

102. The total expenditure mentioned above comes to Rs. 20,90,000.

103. In addition, the expenditure on the social welfare programme for the year 1961-62 was Rs. 2,17,376. Today, 18 years later, it is, in round figures, Rs. 37 lakhs (1979-80 figures). The expenditure is entirely borne by Tisco.

Chapter IX

RURAL DEVELOPMENT PROGRAMME

104. Less than a year ago the Company initiated a five-year Rural Development Programme with the object of raising the standard of living in about 150 villages within a periphery of 10 to 15 kilometres from Jamshedpur. The total cost of this plan is estimated to be Rs. 1.5 crores over a five-year period. The main idea is to boost agriculture and crop extension in 75 villages (i.e. about 50% of the total number of villages covered by the plan).

105. Very few of the employees of the Company live in these villages though we were told that some employees do own lands in some of them. The 150 villages are all comprised within an area of about 300 sq. kms. with an estimated population of about 75,000 living in approximately 12,000 households. These figures which we have quoted here were compiled by a party of trained social workers of the St. Xavier Institute of Social Services (XISS), Ranchi, who were specially deputed by this institution for the purpose.

106. There are three main heads under which the plan will be implemented:—

- (i) Agriculture and Crop Extension.
- (ii) Setting up of training centres of allied vocations such as dairy, poultry farming, piggery and goat breeding.
- (iii) Establishment of village industries in about 30 villages (20% of the total), and imparting training in those industries.

107. So far as the agriculture and crop extension programme is concerned, much depends upon the provision of a steady source of water and irrigational facilities. With this end in view, the Company has commenced the construction of three fairly large dams which are expected to be completed before the rains start in 1980 so that these dams may become partially, if not wholly, full. We had occasion to inspect two dams in the Patamda Block to the North of Jamshedpur and the Chairman of the Committee was taken to see the Potka Block which is to the South in his earlier visit. It must be stated that the work has been undertaken with careful calculation and thoroughness, but obviously those in charge

are racing against time. Besides these three facilities, there is also a dam already functioning in the Dushra village which was partly completed before the last monsoon and was responsible for saving nearly 75 acres of a good paddy crop.

108. There are, in addition, eight irrigation wells in contemplation of which two have already commenced functioning. The Company has at its own cost supplied seven pump sets and approximately 2,000 ft. of delivery pipes to the villages to be shared between them. As a result of these facilities, about 100 acres of standing paddy crop and 5 acres of vegetable crop were saved during the drought in Singhbhum district in 1979.

109. What is perhaps more valuable than this material help, however, is the expert advice which the villagers receive in matters of agriculture. A person holding a Master of Science degree in agriculture goes round these areas and advises farmers upon the correct crop to be sown having regard to the nature of the soil, the correct fertiliser to be put in and on various other technical matters, knowledge of which is not available to the average farmer in these parts. The villagers have also been taught to get two crops out of their fields. Until recently, they only got a kharif crop. Now they have learnt to sow and reap also a rabi crop. Some agriculturists still stick out for their traditional methods but they are slowly seeing the better crop in their neighbours' fields and are being converted. The population expected to benefit by these measures during the first year in agriculture only is 7,500 occupying 1,185 houses situated in an area of about 70 sq. kms. When the plan is fully implemented, it is estimated that about 3,000 households will have an additional income of about Rs 2,000 per year each. The cost of seeds, fertilizers, pumps and pipes and all other aid provided is directly borne by the Company. The annual expenditure on the Agriculture and Crop Extension Programme will be Rs 10 lakhs with an additional provision of Rs 2 lakhs for loans and subsidy for seeds, fertilisers, etc.

110. Now we turn to the other part of the Rural Development Programme, viz., the establishment of ancillary vocations. It is said that Singhbhum district is an area where milk is scarce and the local people have no tradition of keeping milch cattle. Hence the idea of establishing a dairy was mooted. This will not only give the villager an increased income but also provide nutrition for children and the population in and around Jamshedpur. The Company has been running a dairy farm at Jamshedpur where milk is collected from villagers, processed and marketed by the

Company and the proceeds come back to the villagers. In order to do this, however, there has to be a good breed of milch cattle and, for that purpose, the Company has set up a Demonstration Unit for breeding and care of milch cattle, to introduce modern dairy practice and to encourage the villagers to keep milch cattle. The Committee viewed one of these demonstration units and saw how the cattle are looked after at the unit and also how, in more difficult cases, a mobile van goes from centre to centre advising and assisting the man in charge of the unit. The same unit also provides assistance in breeding pigs and goats and a good breed of poultry. It is expected that with the implementation of the Programme the income of nearly 1800 households will be raised by about Rs 1,800 to Rs 2,500 per year.

111. Supplemental to these two plans is the plan to establish village and cottage industries. The approach that seems to have been adopted is that rural development should start with the development of agriculture and allied occupations only, such as dairying and poultry farming which would create an employment potential nearest to the tradition and culture of the villager who has had no formal education or training. It has to be confessed that the XISS report did find that the literacy rate below the high school level was only 16.5% (males 28% and females 4%) and upto the middle school was 20% (males 31% and females 9%)—an extremely depressing picture. Nonetheless, we do not see why illiteracy should stand in the way of these unfortunate villagers learning simple arts and crafts, such as industries requiring little knowledge or education like brick-making, cane work or bidi manufacture which are so successfully being undertaken in other parts of the country. Such occupations are necessary for supplementing the meagre agricultural incomes.

112. One of the important findings of the survey carried out by the XISS also shows the absence of any recognisable modern skills in this area. In order to set right this deficiency the Company has started a "Village Industries Centre" to train about 100 villagers per year. The Centre will be financed and will be provided with technical and managerial know-how and marketing assistance by the Company. Tata Steel itself is today buying goods worth Rs 1 crore per annum from the market such as leather hand gloves, washing soap, pulses, grains, vegetables, etc. which according to the project can be manufactured in the villages. This alone can ultimately provide employment potential for nearly 2,000 households.

113. The implementation of this whole programme has been entrusted to an extension organisation known as the "Tata Steel Rural Development Society" which is registered under the Societies Registration Act. It is this Society which recruits and employs experts in the field of agriculture, dairying and village and cottage industries. Several engineers employed by the Society will provide the requisite technical know-how. From the figures given to us, the break-up of the provisions for Rural Development during the first year is as follows :—

Agriculture and Crop Extension—Rs 3,85,000 of which Rs 1,15,000 would be recurring and Rs 6,00,000 for irrigation facilities, making a total of Rs 9,85,000. An additional sum of Rs 2 lakhs has been provided for loans and advances which includes Rs 50,000 as 'seed-money'. For dairy, poultry, piggery and goat breeding, Rs 4,76,000 for the Dairy Demonstration Unit and for irrigation facilities Rs 1 lakh, making a total of Rs 5,76,000. Of this amount, about Rs 1,10,000 is likely to be recovered from the sale of milk. An additional provision of Rs 2 lakhs has been made for giving loans and advances, which includes Rs 60,000 as 'seed-money'. For village and cottage industries Rs 2,26,000 have been set apart, of which Rs 1 lakh would be recurring expenditure. A further provision of Rs 1.50 lakhs has been made for giving loans and advances which includes Rs 40,000 as 'seed-money'. For horticulture and community forestry, Rs 50,000 each have been provided making a total of Rs 1 lakh. And for welfare, cultural and development activities Rs 6,81,000 have been allotted, of which Rs 20,000 would be recurring expenditure on adult education. Lastly, a sum of Rs 60,000 has been set apart for 'establishment'. The total budget for the first year is, therefore, Rs 31.78 lakhs.

114. Having regard to what we have said in paragraph 18 above, and to the fact, already stated, that in the survey report of the XISS the standard of literacy (not education) below high school level is 16.5% and below middle school level it is 20%, we do suggest that a much larger percentage of the total appropriation for rural development should go towards a stronger literacy and educational drive. Especially is there a very strong case for such a drive where girls are concerned, among whom the literacy upto the middle school level is only 9%. We feel very strongly that women's education will pay richer dividends than men's education in rural areas, for an educated mother alone will be able to

influence children to be educated and it is precisely in that section of the people that literacy is dismally low. We are conscious that we have not agreed to evaluate in monetary terms several activities for reasons which we have already stated, but, even without monetary evaluation of the cost-benefit ratio, an intelligent preference can be made. There can be no manner of doubt that among all these activities education should have the second highest priority after provision of food. We would urge the allocating committee to have regard to this in its future appropriations.

115. Community forestry and horticulture: The plan includes covering of approximately 250 acres with host plantations for the raising of Tsar cocoons. It is estimated that a host plantation over one hectare with an investment of Rs 4,000 over three years can provide an income of about Rs 4,000 per annum to a household. This, however, remains merely a proposal and would not strictly come within the ambit of a social audit. Similar is the proposal for the plantation, in villages adjacent to Government waste lands, of grass and/or trees for fodder and fuel wood. It is proposed to undertake this in collaboration with the Forest Department of Government. The overall benefit of this proposal has not impressed us. Far more important in our view is the need for preserving existing forests and for a massive afforestation drive. We were struck by the extent of deforestation that has already taken place with consequent impacts on the water table, soil erosion and climate. Instead of reinforcing the habits of felling trees and plantations for immediate gratification, there is need both to foster habits of conservation and provide adequate new plantations to take care of the daily energy needs of villagers and provide for adequate forest cover on top of it. We would strongly urge a sustained environmental component to the Rural Development Programme.

116. The whole of the Rural Development Programme of the Company is within a perimeter of 10 to 15 kms. from the Works, and it is obvious, therefore, that it is not intended for the benefit of the local community. On the other hand, it is really and truly a social obligation that the Company has discharged towards society at large round about Jamshedpur. Though there may be some controversy as to whether the Company is under a moral obligation to persons other than its employees and their families, we have no doubt that what the Company has embarked upon is right both morally and legally. Article 3A of its Articles of Association fully justifies the expenditure of the shareholders' money towards the benefit of the larger society besides its other obligations.

117. Finally, we would like to sound a note of caution. While undertaking this vast rural development programme, the Company has already said that it will be made clear to the villager that it is really his programme and sooner or later the village community will have to take it over and work it by itself. But these ideas of self-help and self-reliance should be fostered from the very inception and they should be driven home with greater repetition and more forcefully. The Company should bring home to the villager that it is merely acting as a catalyst for the time being. Otherwise, there is the danger of the usual complacency creeping in and making the village community depend on others even in things that affect their livelihood. The fact that the programme is being worked through an autonomous society will no doubt help to foster such a move provided the villager learns from the start to draw the distinction—subtle though it may be—between the Company and such an autonomous body.

Chapter X

OBLIGATIONS TO SOCIETY

118. We have already said, when discussing the Rural Development Programme, the most ambitious and extensive of Tisco's social welfare efforts, that it was really part of the discharge of its moral and social obligations to Society. We now refer to other similar important welfare efforts which the Company has made from time to time for the benefit of the larger society in times of epidemics, floods, droughts and other such calamities. The Tata Iron & Steel Company Limited has been doing very useful and extensive work for the relief of people in general in times such as these and has received universal acclaim and praise.

Small Pox Eradication:

119. We first refer to the remarkable efforts which the Company put in to assist in the complete eradication of small pox, not merely from the surrounding areas of Jamshedpur, but from the entire Chhotanagpur Division, which comprises six districts.

120. The World Health Organization (WHO) had found that the three States worst affected by small pox were UP, Bihar and West Bengal. In 1966, the WHO launched upon an intensive programme to eradicate small pox and set a target for achieving it within a period of ten years. By 1974, the WHO had succeeded in eradicating the disease throughout the world except for some isolated pockets, one of which was India, and, surprising as it may seem, they then found that "three-quarters of the World's small pox was in the Indian States of Bihar and U.P." According to the Government of India and WHO's reports, there were already 80,000 cases of small pox and approximately 20,000 deaths between January and June 1974. In Chhotanagpur Division alone, the disease had claimed no less than 6,000 lives during the same period. Therefore, the WHO and the Government of India decided to take the strongest measures to root out the disease and, if it could be controlled in Bihar and preferably eradicated, then the other States would not pose much of a problem.

121. The small pox virus is at its weakest during the monsoon months but thrives in dry weather. Therefore, the WHO deputed

its own Medical Officer, Dr. L. B. Brilliant, in the last week of April 1974, to achieve its target. Dr. Brilliant arrived at Tatanagar for investigation on an erroneous impression that it was there that he would find the roots of the disease. He learnt soon enough though that Jamshedpur itself was one of the cleanest and best industrial townships with excellent sanitary and other public services and a first class hospital and there were hardly any cases of small pox. In order to commence his campaign to search out the disease, he set about his task with customary efficiency. He met the Managing Director of Tisco and placed his requirements before him. His requirements were: 50 doctors, 200 paramedical supervisors, between 600 to 900 searchers-cum-vaccinators. 50 vehicles and innumerable other facilities within 72 hours! This somewhat intimidatory requisition was promptly met — as only Tisco can do — within the time Dr. Brilliant had laid down. Immediately, four instructors sent by the WHO, aided by senior doctors of the Tata Main Hospital, undertook the special training of the staff and the entire organisation was split up into convenient units which were to spread out in the villages in the interior and the surrounding Adivasi areas. Associated with the staff were several Adivasis themselves in order to facilitate the work of the others by allaying any fears that the normally isolated Adivasi village folk would entertain at seeing a party of strangers walking into their village.

122. The first effort of these groups was to locate or search out cases and, within a fortnight, the search teams discovered approximately 400 new cases within a radius of 45 kms. of Jamshedpur. They were treated but the controlling authorities nonetheless felt that there were many hidden outbreaks which had remained undetected. At any rate, the virulence of the disease was contained and the area around Jamshedpur was declared under control by 15th June 1974. In the process, several teams of the organisation set up got lost in the interior of the forests and had to be located with the aid of aircraft from the Jamshedpur Flying Club. It must be mentioned that the Jamshedpur Branch of the All-India Women's Conference played a significant role in assisting Dr. Brilliant's organisation, in that they constantly prepared food packets for the teams leaving for the interior and assisted in every possible way. A separate organisation was also set up to service and repair, if necessary, the 68 vehicles which had been collected for the transport of the teams.

123. Dr. Brilliant found so much enthusiasm and appreciated the work of the Tata workers to such a degree that he soon sought the assistance of Mr. J. R. D. Tata, the Chairman of Tisco, to extend

these operations to the entire Chhotanagpur Division, which was, of course, a gigantic operation, to be completed within six months. For this, the Chairman, with his usual generosity, persuaded the Boards of Tisco and other Tata Companies to sanction a sum of Rs 43 lakhs. This was in June 1974. Both the Government of India and the Government of Bihar gave ready approval to Tatas' offer within a week and the campaign was inaugurated by the then Health Minister of Bihar. The Chhotanagpur Division then consisted of 153 blocks, 82 towns and 20,570 villages. About a third of the population are Adivasis, and the difficulties to be overcome may be gauged from the fact that the Division is at a height of between 1500 ft. and 2500 ft. above sea level with few roads and a very extensive area full of forest ranges consisting of wooded hills, ravines and valleys all of which are difficult of access and are negotiable with difficulty only by jeeps, especially during the rains.

124. Operating from Ranchi as headquarters, the organisation set up district headquarters in six districts and allocated the villages and blocks to be inspected by each unit. These units went over each and every village rapidly and systematically, first locating the cases of disease and then containing it by vaccination and other measures. Apart from the personnel provided by Tatas, the WHO advisers and medical experts, over 1000 personnel were recruited from different parts of the country. In doing so, care was taken to mix the personnel with Adivasis which greatly facilitated the work among the tribals. Mention must be made of two persons, the Chief Coordinator (Administration), Mr. Sujit Gupta, and the Chief Coordinator (Medical), Dr. P. B. Bharucha, the Superintendent of the Tata Main Hospital at Jamshedpur. Mr. Sujit Gupta is today Director of Marketing whom we had the pleasure of meeting in connection with the question of discharge of the Company's obligations towards the consumers. Some of the younger officers, without any previous experience, had done so well that the WHO requested the Company, later on, to depute some of them to work outside Chhotanagpur on WHO assignments. Within six months of the starting of the campaign, Chhotanagpur was declared free from small pox, though keen surveillance over it had to be maintained.

125. This was humanitarian work of a high order, the like of which it would be difficult to find undertaken in India by any company — public or private. It benefited not merely the Chhotanagpur Division, not merely the State of Bihar, but India as a whole, for a single active case carried outside the State to any other part of the country would have immediately infected hundreds of others in that part as

well as most others who travelled with that case. It is social welfare work such as this in Chhotanagpur and elsewhere, that has enabled the WHO to declare recently that the world is now free from small pox.

126. Pausing here for a moment, we ask ourselves how will the Abtian theory of evaluating social welfare performance work, in a case like this. How shall we find the cost-benefit ratio? The cost we know, and we can accept the actual figures. But how shall we evaluate the 'benefit' in terms of rupees? It was an act of social performance which has caused ripples to flow throughout the world. Would it be correct to speculate how much it would have cost Government or the Company to stamp out an epidemic if one had broken out? We would, for the time being, prefer to rely on firmer ground and take into account only the actual cost of this social performance.

Flood Relief:

127. We next turn to other branches of help and assistance which the Company has within the past few years rendered to society in general.

128. Parts of Bihar and Orissa are on or near the Eastern seaboard of India and, therefore, particularly exposed to the vagaries of nature. Bihar is a flat country full of vegetation and forests and crossed all over by rivers which appear small during the dry months of the year, but when the monsoon sets in and torrential rainfall occurs in the Northern hills or in the Himalayan range, these small rivers turn into a source of terror. They swell up with water to such a degree that their waters overflow their banks and flood vast areas of Bihar State. Occasionally, Bihar is ravaged by drought also. One such calamity occurred in 1966-67 and Tisco promptly set up the Bihar Flood and Drought Relief Committee. This included not merely representatives from various industrial organisations but also representatives of workers, private traders and businessmen, as well as prominent public and social workers. It was registered as a society and the Company spared one of its seniormost officers, Mr. H. P. Bodhanwalla, to preside over it. Mr. Bodhanwalla was then Manager, Engineering and Development of Tisco and is now the Chairman and Managing Director of Tata-Robins-Fraser Ltd., a company promoted by Tisco. The Committee's appeal was met by generous donations from Tata Companies of Bombay and Jamshedpur and the Committee undertook relief work in the Burwadih Block of Palamau District of Bihar. It was an area of about 249 sq. miles

and consisted of 87 villages. The Committee immediately set up free kitchens to feed thousands of starving people, distributed clothes, blankets and other materials and provided medical care for the ailing. In 1968, another calamity overtook the North-Eastern areas of Bihar which witnessed one of the worst floods in recent history and the Company undertook immediate relief work of the same nature in Purnea and Saharsa Districts of Bihar.

129. In 1971, floods again affected the Northern parts of Bihar and about 20 million people were marooned. These floods, it is said, were the worst in a hundred years. The Committee not merely rendered aid as described above to lakhs of people who were homeless and helpless, but assisted them to re-build their washed out homes.

130. In September/October 1973, Jamshedpur itself became the victim of severe floods. Being near the confluence of two rivers, the Kharkai and Suvarnarekha, did not prove so fortunate this time. The Bihar Flood Relief Committee, however, rose to the occasion and rendered immediate aid to thousands of marooned people, besides giving building materials, blankets and cash assistance to those whose houses were damaged.

131. In the third week of August 1978, the Government of Bihar requested the Company to undertake relief work in Lakhisarai Sub-Division of Monghyr District which was badly affected by floods. Representatives of the Relief Committee promptly went round the affected areas, accompanied by the then Minister of Agriculture, Bihar and assessed the aid needed. On 28th August 1978, medical teams consisting of 4 doctors, 22 paramedical and other staff, led by Dr. M. Pradhan, arrived at Lakhisarai. Subsequently, two more teams were despatched consisting of 2 doctors and 6 paramedical staff on 3rd September 1978. These teams had their own vehicles by which they travelled to the interior villages and rendered all medical aid for the control of epidemics. Some of the villages were unapproachable except by boat at great risk or by wading through waters. The Press release dated 7th September 1978 of the Bihar Flood and Drought Relief Committee said that 1.5 lakhs of people had by then been medically treated and 60,000 inoculated. The work covered four blocks in Lakhisarai Sub-Division. Subsequently, as requested by Government, the relief team extended its work to two other blocks. The relief teams were working for 14 to 16 hours a day assisted by Government officers. It was also proposed that, once the waters receded, the teams would be disinfecting potential

areas of disease and adopt other measures to prevent the outbreak of different diseases.

Relief work in Orissa:

132. While Bihar is usually the victim of floods, the story in Orissa is very different. It usually suffers from drought or cyclones because Orissa, as well as Andhra Pradesh, directly abut on to the Eastern sea-board of India. In 1974, the whole of the Orissa State was hit by drought, and, in response to an appeal by the Chief Minister, relief work was undertaken by the Tata Relief Committee at Kamarjoda village in Keonjhar District and at Sukinda in Cuttack District. At Sukinda, the existing dam of the Kedabandi Reservoir was considerably strengthened and the reservoir deepened to store six million gallons of water. The Relief Committee found the dam breached at many places and so the reservoir had run dry. To safeguard the area from such a calamity in future, the engineers employed by the Tata Relief Committee increased the length of the dam by another 400 ft. and provided a spillway to protect the bund in case of heavy floods. As an additional precaution, a similar spillway for emergency was also provided. The canal leading from the reservoir which is 1000 ft. long was completely desilted and is now able to irrigate about 500 acres of land. A new well was also dug and the existing well repaired and deepened at Sukinda village and a school building at Kuhida was completely renovated. Similarly, the dam at Kamarjoda was repaired and strengthened throughout its length of 900 ft. and a new dam 400 ft. long was also provided. Various other repair works were undertaken, too numerous to mention. In August 1975, six districts of Orissa were inundated by raging floods which submerged over 5,100 sq.km. rendering over a million people homeless and causing wide-spread misery and suffering. At the request of the Chief Minister, Tatas spent Rs 4 lakhs through the Tata Relief Committee to rehabilitate 59 poor and landless Harijan families over a 25 acre site allotted by the State Government at Tanupur village in Cuttack District. The reconstruction made Tanupur into a model village with a school-cum-community hall and other facilities.

133. In April 1978, a cyclone — it is said, the worst in living memory — struck Orissa taking a heavy toll of human life and cattle, razing to the ground habitations in a number of villages in Keonjhar District. The Relief Committee immediately provided temporary relief with cooked food, but the major assistance it gave was to re-build the washed out houses. In two villages, 54 families were rehabilitated

at a cost of Rs 2.3 lakhs and the Tata Steel Charitable Trust undertook to construct houses for 37 families in village Barango at a cost of Rs 2 lakhs.

Relief work in Cyclone in Andhra Pradesh:

134. On 19th November 1977, another cyclone followed by a vast tidal wave hit the coastal parts of Andhra Pradesh suddenly devastating vast areas and decimating the population. The meteorological office had previously given a warning but neither the authorities nor the inhabitants, who were no strangers to the visitation of a typhoon about three times a year, paid any heed to the weather bulletins and warnings. When the cyclone struck and continued to get worse by the hour, few paid any attention to radio warnings which were being constantly broadcast. Ultimately, a tidal wave over four metres high rushed deep into the coastal area laying everything flat in its path. The notes made at that time speak for themselves: "Howling winds and raging seas, rushing 20 kms. inland from the Bay of Bengal for 48 destructive hours, devastated the districts of Krishna and Guntur with a toll of approximately 10,000 human lives and innumerable cattle, particularly the cattle that for fear of straying had been tethered Entire villages and hamlets, means of livelihood and communications, were wiped out, leaving the survivors utterly dazed and famished in the midst of corpses and carcasses—most of them in wells and canals." Drinking water was impossible to find as most wells and canals had become saline and thirst could not easily be quenched.

135. Mr. J. R. D. Tata, Chairman of Tisco, was deeply touched by the magnitude of the tragedy and the Company sent out a three-man fact-finding team to Andhra Pradesh. The team carried out its seven-day tour on foot of the ravaged areas, wading through water, and submitted a report which formed the basis of action by the Tata Relief Committee, which was the first relief organisation to swing into action in the wake of the cyclone.

136. On 26th December 1977, Mr. Tata issued a moving appeal to the employees of Tata companies to donate liberally to the Tata Relief Committee and simultaneously announced that the Tata Group of companies had accepted the recommendations of the Committee they had sent out and had decided to provide funds for the purpose aggregating to about Rs. 40 lakhs. The fact-finding team identified the worst-hit areas and proposed short and long term relief measures. The first problem was to provide food, drinking water, clothes and utensils. A major problem was to win the con-

fidence of the population affected and to work in close co-operation with the people. The relief and rehabilitation organisation and programme were so shaped as to suit this requirement. The fishermen were helped by re-equipping them with their means of livelihood, their boats and fishing tackle having been swallowed up by the seas. An important suggestion was to build cyclone-proof high-level community centres to provide refuge to the community in case of future tidal waves and similarly to build cyclone-proof dwelling houses. The community centres were built on concrete stilts according to a well-considered design. They were to accommodate over a thousand people in emergencies but were normally to be used as schools, dispensaries and community centres.

137. The Tata Relief Committee, in consultation with the State Government, were allotted the Divi taluka in Krishna District and the Repalle taluka in Guntur District which had been ravaged the most. The Committee planned to build 350 houses in four villages of Divi taluka and 250 houses in two villages in Repalle taluka and to put up several community centres. The great handicap to the commencement of this work was the lack of roads to approach the building sites and the need to flush out salinity from the soil with the waters from the Krishna river, for which a channel had to be cut. In some cases, material had to be taken by boat for a part of the distance before resuming overland transport by trucks. The houses were built in almost record time considering these difficulties, at the same time following rigid engineering standards. They were constructed in an octagonal shape to ward off the force of future cyclones and tidal waves.

138. Thousands of trees had been uprooted and washed away by the fury of nature. Re-planting of six fruit trees in the compound of each dwelling house was undertaken, as also the planting of flowering trees elsewhere.

139. As regards the fishermen, their normal catch was usually of jumbo prawns, which form a valuable export item. A scheme was formulated for the progressive provision of 50 mechanised fishing boats over a period of five years benefiting 250 families. The indirect benefit accruing to the area due to the above scheme was, firstly, the electrification of the village and the nearby hamlets and, secondly, the starting of a Government scheme for providing out-board motors to fishing dinghies. Several salt pans belonging to families had been damaged and were immediately repaired or re-built. Over a hundred families benefited from this.

140. A total of 600 houses in Divi and Repalle Talukas and 8 community centres, four in Divi and four in Repalle were constructed. The fishermen received their first batch of ten boats and fishing tackle in November 1978 and they have been operating them since then. A cold storage-cum-ice plant at Kothapalem village was completed and the Andhra Pradesh Fisheries Corporation, in consonance with the project guidelines drawn by the Tata Relief Committee, undertook the marketing of the catch stored in it. On all this relief work, a total of Rs 77.18 lakhs had been spent. Of this amount, Rs 56.68 lakhs were donated by various Tata companies and their employees and Rs 20.50 lakhs were received as subsidy from the Andhra Pradesh Government. The Relief Committee took care to ensure that the relief reached the people for whom it was meant. We cannot describe the efforts better than in the words of the then Minister for Education and Cultural Affairs of the State, who wrote to Mr. J. R. D. Tata on 7th December 1977:- *"I must really express my admiration of your team of officers who have taken so much of trouble in undertaking hazardous journeys in an area where the communication facilities have been completely damaged. They did trek long distances. I have nothing but appreciation for their dedication to come to the relief of the people and as a prelude to make an assessment of the overall situation. Your team did work in very difficult circumstances and I am only sorry that we were not in a position to extend to your team our traditional hospitality because of the enormity of the tragedy I would like to convey once again our sincere thanks for your concern shown to us at the time of our grave crisis."*

Relief during Local Disturbances:

141. So far we have dealt with the aid which the Company gave in unstinted measure to the victims of natural calamities. We now turn to the calamity which overtook Jamshedpur city itself and was deliberately engineered by evil men. We refer to the serious riots that took place in Jamshedpur in April 1979. It is said that a serious communal riot took place in Jamshedpur in 1964 but the rioting which commenced on the 11th April 1979 was not, in its genesis, communal at all. This has been made very clear in an excellent note put up by Bodhanwalla who, as on many such occasions before, headed the relief committee.

142. It is necessary to take a look at the genesis of the whole episode. In consequence of the Stay Order by the Supreme Court, the Company has lost control over vast areas of land in and around

Jamshedpur with the result that completely unauthorised occupation and construction over those lands has taken place during the past few years. As we were taken round the city, we were shown pucca built houses which had been constructed without any right or title to the land and which constituted not only breach of every municipal regulation but also trespass upon the land. Round these big buildings have grown up, in a completely haphazard fashion, old bustees and hutment colonies which are the breeding ground for disease, pollution and crime. So much so that houses have been built over high pressure water lines of the Company. Sewer lines have been cut to divert sewage into farm land as fertilizer and, in some cases, blocked to push the sewage back into neighbouring houses in order to harass their inmates and make them leave their homes. In one colony, shops in the marketing centre have been forcibly occupied and given away by the usurper on rent to unscrupulous traders. The whole aspect of a beautiful city—not to speak of its health and sanitation—is being seriously jeopardised and may, if no care is taken by the authorities concerned, be completely destroyed.

143. While the Government at Patna and the local authorities have failed to intervene in these unlawful activities, the Company has found itself unable to do anything because of the Stay Order. The sanction and power behind such activities is the big stick and the knife wielded by powerful goondas, who can defy ordinary people since the lawful authority to control them has been rendered powerless. It is a triumph of force over the powers of law and order. Under these circumstances, the more disorder and confusion that could be created, the more the goondas stood to gain, because they could take illegal possession of more houses and lands of innocent people. All this had already created a great sense of insecurity among these people.

144. The immediate cause of the riot was the holding up of the Ramnavmi processions in Jamshedpur from the 5th to the 10th April 1979 in protest against the refusal by the police to allow the procession from the Mango area (a suburb of Jamshedpur) to take a particular route. Leaflets were distributed urging upon the people to see through the Mango procession before taking out processions from other localities. Finally, an understanding was reached about the route that the Mango procession should follow. Accordingly, the Mango procession started on its way on 11th April 1979. But, in the meanwhile, it appears that a small police force which was sent to Mango had arrested a priest of the Hanuman temple. Tension inevitably built up as a result of these two actions

and it was exploited by local leaders to fan communal feelings. They demanded that the priest as well as some other people who had been arrested earlier should be released immediately before the procession from the Mango area could continue. The Mango procession was thus held up on 11th April 1979 for some hours. In the meantime, all sorts of rumours spread and the Mango procession swelled up with the addition of thousands of people from all over the Town. The goondas and criminal elements which had proliferated because of the uncontrolled hutment colonies in the Town saw, in this communal tension, a golden opportunity to make money by looting houses, shops, etc. It appears that the spark was supplied to this tense atmosphere by a cracker thrown by someone at the crowd which the people thought was a bomb and a holocaust followed. The rioting continued unchecked for 96 hours and affected 15,801 persons, destroyed 2,293 houses and shops and took a toll of 119 lives. Besides, several more were maimed or injured. We give this brief preview of the causes of the rioting to dispel the oft-repeated story that it was communal.

145. The Tata companies in Jamshedpur went into action within hours to bring succour to the injured and the homeless. They provided cooked food, transport and medical facilities, established a relief camp and provided water and power to about 45,000 persons displaced from their homes. Other measures taken by the Tata Companies to assist their own employees included interest-free cash advances, recoverable in 20 to 40 months, and employment to relations where an employee had lost his life.

146. On 3rd May 1979, a Bihar Government survey indicated the following:—

Families affected		3189
Houses and shops damaged/burnt		2293
Houses & shops belonging to Hindus	723	
— do — to Muslims	1564	
— do — to Others	6	
		2293
Houses and shops totally burnt	1455	
” ” ” partially burnt	838	
		2293
Houses damaged/burnt	1064	
Shops burnt	1229	
		2293

Total number of persons affected	15801
Bicycles lost	269
Tempos lost	6
Scooters lost	19
Sewing machines lost	375
Cycle rickshaws lost	33
Heads of cattle lost	144
Number of people killed	119

It is clear from these figures that looting was a major motive of those who took part.

147. At the Government's suggestion made on 3rd May, the Tata Relief Committee offered to rehabilitate all those who had lost their means of livelihood such as rickshaws, sewing machines, etc. mentioned above. Eight teams each consisting of a civil engineer, an electrical engineer and a social worker carried out a house-to-house survey ascertaining loss of lives and limbs, damage to houses, loss of means of livelihood, loss of books etc. for school and college students and so on. The Committee also agreed to arrange to provide maimed persons with artificial limbs where necessary. In all this, the Jamshedpur unit of the All-India Women's Conference gave great assistance. They volunteered to rehabilitate orphans and widows. They also agreed to help students by meeting the expenses of providing text books, exercise books, etc. to those who had lost them. The Tata Relief Committee had also agreed to re-build all private houses, damaged or burnt in Bhalubasa, Agrico and Sidgora areas allotted to the Tata Relief Committee by Government. Altogether, 146 houses were thus re-built. The Tata group of companies located in Jamshedpur donated in all Rs 28 lakhs, Tisco's share being Rs 15 lakhs.

148. Two facts emerged, which are truly laudable. Firstly, no worker of Tisco as such was involved in the rioting. In fact, the relations between Hindu and Muslim workers continued to be as amicable as before. This itself reflects the sense of communal harmony among the workers of the Company and reinforces what we have stated earlier in this report as the 'esprit de corps' among them. Secondly, even during the worst part of the rioting, several Hindu families protected and took care of their Muslim neighbours and vice-versa. These are facts borne out by actual investigation. Slowly, with the aid of the teams of social workers and the visit of several important leaders, the Town returned to normalcy. Mr J .R. D. Tata visited the city on 19th April and appealed to the citizens to restore community living and preserve

friendly feelings towards members of the other community. He did not consider it adequate that Jamshedpur was returning to normalcy. He urged that the conditions be created "in which fear is banished, in which the strong help the weak and all once again feel equal." For this purpose, Joint Peace Committees consisting of members of both the communities were formed and went round the affected areas. Confidence had in a great measure been restored when we visited these affected areas and life there appeared to be perfectly normal.

149. We have reviewed in this Chapter the work done by Tisco in times of epidemics, floods and other similar calamities. In previous Chapters, we have described its work in the field of rural development and in community development and social welfare. Apart from these welfare activities directly undertaken by the Company, it also gives donations and contributions for various educational, welfare and other activities. During the previous year 1978-79, such donations and contributions amounted to Rs 10 lakhs. These facts show the multi-faceted work of the Company and the manner in which it discharges its obligations to society and to the nation. The Committee feels, however, that there is very little public knowledge of all this work. On the whole, we find Tisco's public relations in this respect rather weak. Tisco owes it to the public that information about such work is widely disseminated. In a democracy, it does not pay to hide one's light under a bushel.

150. The Company's discharge of its obligations in this field follows the traditional Tata approach of charity and philanthropy. But we find that when a calamity occurs, the Tata Relief Committee at Jamshedpur or similar other organisations in its other concerns at different places in India have to approach the Head Office at Bombay for funds. It invariably takes some time for the funds to be sanctioned and the relief to get going. Merely getting together a team that goes out to work in the field also takes some time. We suggest that an institute like the Tata Institute of Social Sciences at Bombay could with advantage train and make available a force of field workers to rush to any part of the country to do the requisite work. That would be more suited to the conditions prevailing in the country. How that is to be achieved may have to be worked out. It would be advisable to have a separate department at the Institute to achieve the purpose. Of course, for any such new development, initially some funds would be required, but as to the scope and extent of the department and

how much the companies would like to contribute is a matter for Tatas to decide. We are conscious that, in making this point, we have gone a little beyond the reference which is limited only to Tisco but, obviously, if a field force is to be trained and equipped scientifically, it must be a force usable by all other companies in any part of the country. That is why we are contemplating its location at Bombay where the Head Office can give immediate directions to such a field force.

Chapter XI

CONCLUSION

151. It is with pleasure that we present this report on the Social Audit of The Tata Iron and Steel Company Limited. Few committees are so fortunate as to be able to look into the affairs of so well run an organisation — even if it be in the matter of social performance.

152. While we have been unable to follow rigidly some of the systems of elaborate evaluation followed in U.S.A. and the West, as these systems are unsuited to conditions in India at present, we have tried to the extent possible to be guided by some of them.

153. First, we have found the following inadequacies which may, in time, be attended to:—

- (a) At the time of allocation of funds towards the various items of social welfare, the allocating authority should call for greater details of each head of demand and determine the estimated benefits therefrom. This should be stated in the budget so as to be useful when the next yearly accounting and budgeting comes round. Merely stating heads of grant is not enough.
- (b) When the next annual budget is prepared, the previous years' performance in comparison to the expectations and details of expenditure should be closely scrutinised in order to enable the allocating authority to determine—
 - (i) whether the aid has reached the persons for whom it was meant, and
 - (ii) whether the allocations among different items require any change.
- (c) A larger appropriation towards education of children, particularly girls and Adivasis, is of vital importance. Since a programme of rural uplift has now been undertaken, such education should be carried to the village folk within the area set apart by the Company for its effort.

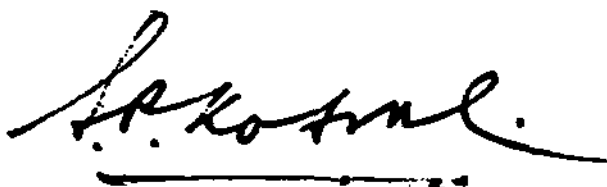
- (d) In allocating funds for social welfare, care should be taken to (i) foster self-reliance in the community, and (ii) give priority to the more critical felt needs of the community through a process of consultation.
- (e) The problem of pollution from the chimneys has assumed serious proportions and requires to be controlled early and, if possible, eliminated. Since the cost of pollution control is likely to be very heavy, even for a Company like Tisco, the effort may be spread over a number of years. In the meanwhile, units or locations where the ill-effects of pollution are concentrated call for immediate measures of alleviation.
- (f) The dividends paid during the past few years appear to be somewhat meagre and since the Company is constrained by executive instructions to limit them, the Company should make the necessary application to Government to be allowed to increase it. (As we concluded this report, we were happy to learn that such an application has been made to Government.)

154. Subject to what we have said above, we are satisfied that the social performance of this Company is of a high order and, in its magnitude, is perhaps unequalled in India. We are satisfied that the Company has amply fulfilled the objectives contained in Clause 3A of its Articles of Association regarding its social and moral responsibilities to the consumers, employees, shareholders, the local community and society.

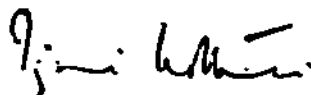
155. The credit for this outstanding social performance of the Company goes to a number of persons—past and present—but in welding an effective team together and inspiring it with a sense of larger purpose the role of J.R.D. Tata is so outstanding that it deserves special mention. He has presided over the destinies of the Company for over 40 years now and has shown unceasing care and anxiety for its employees and all those associated with it. He is usually one of the first to assist in setting right inequalities or injustice in whatever field they appear. Through all this, he has helped build up the social conscience of the Tata Iron and Steel Company.

156. Under the leadership of J.R.D. Tata, the Company has not merely fulfilled the dream of its founder for the Company which he planned and for his country, but has gone far beyond it. The

Company spends in all about Rs 10 crores per year upon its social welfare programmes, including the deficit on the Town. It has encompassed, within the ambit of its activities and financial aid, not merely the worker and his dependants but the community among which they live and indeed society in general in far-flung corners of India whenever a calamity or a disaster has struck. At the same time, it has taken care to see that the consumer who buys its goods gets value for his money and, within the limitations laid down by Government and other compulsions within which it operates, the shareholder, whose money it uses, gets an adequate return.



(S. P. KOTVAL)



(RAJNI KOTHARI)



(PURUSHOTTAM GANESH MAVALANKAR)

Bombay, 9th July 1980.