APPENDIX - I

AGREEMENTS ON BONUS

Agreement No. 244 dated 2.3.77

Memorandum of settlement dated 2.3.77 between the Management of Rourkela Steel Plant and its workmen represented by Rourkela Mazdoor Sabha (Recognised Union)

Short Recital of the Case

1. Whereas after signing the Memorandum of Agreement dated 30th, July, 1975 by the Joint Negotiating Committee for Steel Industry, discussions have been held from time to time on possibilities of evolving a common plant based Annual Performance Scheme for the Steel Industry as a whole;

2. Whereas a subsequent to the above agreement, the payment of Bonus Act, 1965 has also been amended;

3. Whereas the Steel Plants during the period April-September, 1976 have shown a record performance;

4. Whereas the NJCC for Steel Industry has agreed in principle, to the introduction of a Bonus Scheme based on production and productivity in terms of Section 31-A of the payment of Bonus Act, 1965 as amended by Act No. 23 of 1976.

5. Whereas a scheme based on capacity utilisation and labour productivity was evolved and proposed
6. Whereas certain issues of the scheme have been raised by the workers' representatives in EUGC.

7. Whereas in the meanwhile it has been agreed further to discuss the scheme at the plant level.

8. In view of the above, a scheme based on capacity utilisation and labour productivity has been worked out on the lines of the principle discussed at the NJCC and after prolonged discussions and mutual consultations, the scheme in terms of section (A) of the payment of Bonus Act, 1965 as amended by the Act No.23 of 1976 as mutually agreed to as hereunder.

Scope and Coverage

1.1 The scheme shall cover all employees eligible under the payment of Bonus Act, 1965 of the Steel Plant and having total emoluments (pay plus dearness allowance) upto and including ₹1,600 per month of Rourkela Steel Plant (including fertilizer plant).

The Scheme:

2.1 The scheme shall be a two factor scheme:

(a) based on capacity utilisation.

Saleable steel production will be taken into account for this purpose;

(b) based on productivity expressed on saleable steel produced for manyear - annual saleable steel
production will be divided by the average manpower. Manpower will include executives as well as non-executives (regular, temporary, casual etc.) but will exclude employees not covered by this scheme.

2.2 The details of the scheme are as follows:

(a) Based on capacity utilisation.

The cut-off point below which no payment will be made shall be 80% of rated capacity utilisation. Given below are the details of payments at different capacity utilisation and range of pay.

TABLE

<table>
<thead>
<tr>
<th>PAYMENTS AT DIFFERENT LEVELS OF CAPACITY UTILISATION AND RANGE OF PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range Rs. (Basic + D.A.)</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>Payment at the cut off point</td>
</tr>
<tr>
<td>For every per cent rise in capacity utilisation between 81% to 85% point</td>
</tr>
<tr>
<td>For every per cent rise in capacity utilisation between 86% to 99% point</td>
</tr>
<tr>
<td>Payment of 100% capacity utilisation</td>
</tr>
<tr>
<td>Total payment at 100% capacity utilisation</td>
</tr>
</tbody>
</table>
Note: (a) In determining capacity utilisation, decimals below 0.5 will be ignored and decimals of 0.5 and above will be rounded off to the next higher digit.

(b) Based on Labour Productivity.

The cut off productivity index below which no payment will be made shall be 25 metric tonnes of saleable steel per man-year.

Given below are the details of payments to all eligible employees at different levels of productivity achieved.

### TABLE

<table>
<thead>
<tr>
<th>Payments at different levels of productivity</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments at cut off point of 25</td>
<td>Rs. 60.00</td>
</tr>
<tr>
<td>For every point rise in productivity index from 26 point to 50 point.</td>
<td>Rs. 3.00</td>
</tr>
<tr>
<td>For every point rise in productivity index above 50 points.</td>
<td>Rs. 5.00</td>
</tr>
</tbody>
</table>

Note: In determining labour productivity, decimals below 0.5 will be ignored and decimals of 0.5 and above will be rounded off to the next higher digit.

3.0 Implementation of the scheme;

3.1 The scheme shall operate for the years 1976-77, 1977-78 and 1978-79 unless modified/substituted by a scheme evolved and agreed to by NJCC. The workers' representatives demanded that the same formula, which is being recommended for adoption for these years, should be made applicable to
1975-76 also which the representatives of the management were not agreeable to consider. However this agreement shall not prejudice the claims, if any for the year 1975-76 arising out of the amendment to the Bonus Act, 1965.

4.0 Payment:

4.1 The payment for the year 1976-77 shall be made on the basis of performance for the period April - September, 1976. The final adjustments will be made at the end of the year 1976-77. The same practice will be followed for the year 1977-78 and 1978-79.

With the signing of this agreement, both parties agree that there shall be no separate Annual Plan Performance Scheme.

That the Union agrees to give full support to the management in bringing up efficiency to the optimum level and maintain discipline in all the units of this organisation in a climate of cordial management-union relationship.

Signature of the Parties

Representing Management Representing Workmen

Deputy Labour Commissioner-cum-Conciliation Officer, Rourkela.
Mazandram of settlement dated 9.10.77 between the Management of Rourkela Steel Plant and its Workmen represented by Rourkela Mazdoor Sabha (Recognised Union).

Short Recital of the Case

1. Whereas at the time of signing the agreement No.244 dated 2.3.77 relating to the scheme based on capacity utilisation and labour productivity in terms of Section 31-A of payment of Bonus Act, 1965, it was agreed by both parties that in case the government makes any revision of bonus payable under the payment of Bonus Act during the operation, the scheme will be reviewed by the parties.

2. Whereas as per the payment of Bonus (Amendment) Ordinance, 1977 every employee is entitled to get a minimum bonus which shall be 6.33% of the salary or wage earned by the employee during the accounting year, whether or not the employer has any allocable surplus.

3. Now, therefore, after protracted negotiation it has been mutually agreed that the agreement No.244 dated 2.3.77 is hereby partially modified as under in the presence and with the assistance of Assistant Labour Commissioner-cum-Conciliation Officer, Rourkela.
Terms of Settlement:

1.0 In place of the existing clause 2.2(a) the following clause is hereby substituted:

(a) Based on capacity utilisation.

Payment will be made under clause 2.2(a) when rated capacity utilisation reaches the level of 80%, which is the cut off point.

Given below are the details of payments at different levels of capacity utilisation and ranges of pay.
# Table

**Payments at Different Levels of Capacity Utilisation and Range of Pay (Basic + D.A.)**

<table>
<thead>
<tr>
<th>Upto 500</th>
<th>Rs. 501-749</th>
<th>Rs. 750 &amp; above up to Rs. 1,600</th>
</tr>
</thead>
<tbody>
<tr>
<td>376 401 426 451 476</td>
<td>501 526 551 576 601 626 651 676</td>
<td>701 726</td>
</tr>
<tr>
<td>400 425 450 475 500</td>
<td>525 550 575 600 625 650 675 700</td>
<td>725 749</td>
</tr>
</tbody>
</table>

Payment at the cut off point 80% B.

For every % rise in capacity utilisation between 8% to 85% point:

| 5 5 5 5 5 6 6 6 6 6 6 6 6 6 8 |

For every % rise in capacity utilisation between 85% - 92% point:

| 7 7 7 7 7 8.85 8.85 8.85 8.85 8.85 8.85 8.85 8.85 11.85 |

Payment for 100% capacity utilisation:

| 8 8 8 8 8 9.10 9.10 9.10 9.10 9.10 9.10 9.10 9.10 12.50 |

Total payment at 100% capacity utilisation:

| 612 637 663 683 713 800 825 851 876 901 926 951 977 1002 1025 1110 |
Note 1: In determining capacity utilisation, decimals below 0.5 will be ignored and decimals of 0.5 and above will be rounded off to the next higher digit.

1.1 The difference of the amount payable for the year 1976-77 under this agreement and the amount already paid as per the earlier agreement No.244 dated 2.3.77 shall be paid to the employees governed under this agreement.

2.0 The scheme remains effective for the year 1976-77 and shall operate for the year 1977-78 and 1978-79.

3.0 In place of the existing clause 4.1 the following clause is hereby substituted:

'Payment for the year 1977-78 and 1978-79 shall be made on the basis of performance for the period April 1977 - March 1978/April 1978 - March, 1979 respectively and the payment will be made only after the end of the financial year and before the Durga Puja Festival.'

4.0 A new clause is hereby added under

'In case no bonus is payable by the company under 2.2(a) in accordance with the scheme, then the company will pay the minimum bonus as per the Act along with the amount payable under 2.2(b) of the scheme if any.'

Signature of the Parties
Representing Management Representing Workmen

Assistant Labour Commissioner-cum-Conciliation Officer, Rourkela.
AGREEMENT NO. 288

Memorandum of settlement dated 27.9.80 between the Management of Rourkela Steel Plant and its Workmen represented by Rourkela Mazdoor Sabha (Recognised Union).

Short Recital of the Case

1. Whereas a bonus scheme based on production and productivity in terms of Section 31-A of the payment of Bonus Act was introduced vide Memorandum of settlement dated 23.7.77 with the recognised union and subsequently modified vide Memorandum of settlement dated 9.10.77. This agreement provided for payment of annual bonus based on capacity utilisation and labour productivity and was valid for 3 years covering the financial years 1976-77, 1977-78 and 1978-79.

2. Whereas a Bonus Ordinance, 1980 has been promulgated by the President of India providing for payment of minimum bonus and also spelling out certain modifications of the earlier provisions.

3. Whereas consequent on the expiry of the aforesaid agreement, the Rourkela Mazdoor Sabha (Recognised Union) vide letter No.RIS/67/80/147 dated 13.7.1980 demanded the revision of the scheme and payment of 20% bonus for the financial year 1979-80.

4. During the discussions the Union also raised the following issues:

   (i) At present for calculating the labour productivity, the salable steel production is being divided by
average manpower. The union revised the point that while computing the labour productivity, the mandays lost due to unauthorised absence by the employees for which no wage has been paid should be excluded from the input, manpower. The union further raised that the denominator should exclude the employees not directly engaged in production.

(ii) No restriction on wages/salary for calculation of bonus should be imposed and the pay range may be suitably recase between pay slabs of Rs.750/- to Rs.1600/-.

(iii) The cut off point for bonus may be lowered to 70% of capacity utilisation. Further at 100% capacity utilisation, the employees should be paid 20% of the wages and the scheme may be modified accordingly.

(iv) The pay range groupings and the quantum of bonus under the existing scheme should be revised at various levels of production.

5. After protracted negotiation the following terms of settlement have been agreed to in the presence and with the assistance of the District Labour Officer-cum-Conciliation Officer, Rourkela.
Terns of Settlement

It is agreed:

1. that the payment of bonus for the year 1979-80 will be made in accordance with the scheme based on capacity utilisation and labour productivity evolved as per the memorandum of settlements dated 2.3.77 and 9.10.77.

2. that the issues raised by the union at paragraph 4(ii) above will be examined legally.

3. that the other issues raised by the union will be examined and discussed further and settled in due course.

Signature of the Parties

Representing Management

Representing Workmen

District Labour Officer-cum-
Conciliation Officer, Rourkela.
Memorandum of settlement dated 29.8.81 between the management of Rourkela Steel Plant and its workmen represented by Rourkela Mazdoor Sabha (Recognised Union).

Short Recital of the Case

1. Whereas a Bonus Scheme based on production and productivity in terms of Section 31-A of the payment of Bonus Act was introduced vide memorandum of settlement dated 2.3.77 with the recognised union and subsequently modified vide memorandum of settlement dated 9.10.77. This agreement provided for payment of annual bonus based on capacity utilisation and labour productivity and was valid for three years covering financial years 1976-77, 1977-78 and 1978-79 and the same were extended for the year 1979-80 also as per the memorandum of settlement dated 27.9.80.

2. Whereas consequent on the expiry of the aforesaid agreement dated 27.9.80, the Rourkela Mazdoor Sabha vide letter No. RMS/87/81/838(a) dated 29.3.81 demanded the revision of the scheme and payment of 20% bonus for the financial year 1980-81.

3. After protracted negotiation, the following terms of settlement have been agreed to in the presence and with the assistance of the Assistant Labour Commissioner-cum- Conciliation Officer, Rourkela.
TERMS OF SETTLEMENT

It is agreed.

1. That the payment towards bonus for the year 1980-81 will be made, at present, in accordance with the scheme based on capacity utilisation and labour productivity as per memorandum of settlement dated 2.3.77 and 9.10.77.

2. That the parties will continue to have further discussions for modification in the bonus scheme as referred to at item 2 above as early as possible but not later than October, 1981 and while arriving at a final settlement, the issues raised by the union as recorded in clause 4 of the terms of settlement dated 27.9.80 will also be taken into consideration.

Signature of Parties.

Representing Management

Representing Workmen

Assistant Labour Commissioner-cum-Conciliation Officer, Rourkela.

1. The total saleable steel production in 1980-81 was 934,582 tonnes and as such the capacity utilisation works out as $\frac{934,582}{1225,000} \times 100 = 75.37\%$

Rounded off to 75\%.

2. The average number of men including temporary and casual but excluding those whose pay + dearness allowance is Rs. 1600 and above is 36,751.
Therefore, on this basis the labour productivity works out as \( \frac{2,24,582}{36,751} = 26.79 \) tonnes rounded off to 27 tonnes of salable steel production for man year.

**TABLE**

**ANNUAL BONUS SCHEME = BONUS AMOUNT (Rs.) FOR DIFFERENT PAY SCALES**

<table>
<thead>
<tr>
<th>Pay range (Basic + D.A.) (Rs.)</th>
<th>Performance Level</th>
<th>Capacity utilisation, productivity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 500</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>481</td>
<td></td>
<td>66</td>
<td>547</td>
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<tr>
<td>900</td>
<td>upto 1600</td>
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