

TATA Engineering

Employee Retrenchment

long-term
employment
in mission
statement

right-size
used
instead of

As per Industrial Dispute Act, Retrenchment means the termination of the service of a workmen for any reason whatsoever other than as a punishment inflicted by the way of disciplinary action, but does not include -

- **Voluntary retirement of workman** (early separation scheme).
- **Retirement on reaching the age of superannuation** Normal sep ho
- **Termination of the service on the ground of ill health**

✓ 6 yrs

TATA Engineering is committed to maximizing customer satisfaction and strives to achieve the goal of excellence by continual improvement through ongoing design & development, manufacture and sale of reliable, safe, cost-effective, quality products and services of international standards, by using environmentally sustainable technologies for improving levels of efficiency and productivity within the plants and ancillaries.

TATA Engineering also has a commitment towards improving the quality of life of its employees, both within and outside its plants and offices, through improved work practices and social welfare schemes.

Ratan N Tata

TATA Engineering

Productivity Improvement Initiatives

- IMPROVEMENT THROUGH KAIZEN (1996 - Consultant's advice)
- OTHER PRODUCTIVITY IMPROVEMENT INITIATIVES
- OFF-LOADING OF LOW PRODUCTIVITY JOBS
(Heat treatment).
[press operator turning gears blanking.]
+ company asked to produce multi-purp assembly
- OFF-LOADING OF LOW TECH. SERVICES
- MERGER OF ACTIVITIES

TATA Engineering

Work Life Related Initiatives

Tata Steel
(3yrs)

Top 500 → of companies

Engineering

1. Compensation Review
2. Restructuring for challenging assignments

communicated

80% - 3. Growth/Motivational Scheme

(a) Multi Skilling

Stocks || Shares
market value

(b) Plant wide Seniority

(c) Improved Uniform

Benchmark
against
rest of
industry

(d) Performance Linked Growth & Compensation

(e) Quality Index Linked Payment

4. Involvement

(a) Kaizen

(b) Value Engg. (Direct & Indirect Material)

reduce costs

(c) Six Sigma for Product & Service

(d) Small Group activity

quality circles

(e) Self Directed Teams

small directed teams

(f) Bench Marking

(g) Knowledge Management

(k) Suggestion Scheme

(l) Communication Through House Journal

5. Organization Health Survey

Attrition

@ 2.5%

entry level

manage

young

university

First 3 -

university

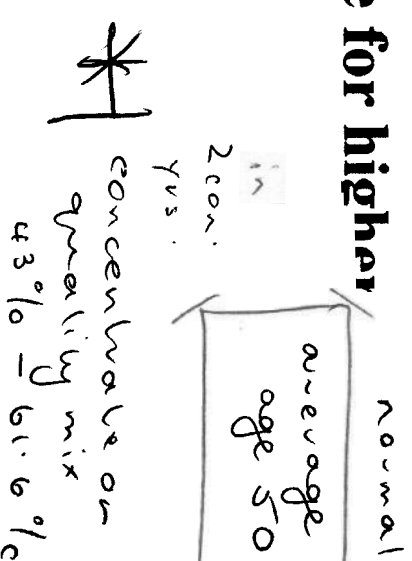
man's

Quantitative & Qualitative Improvement in Manpower

- Means Manpower Optimisation + Re-training

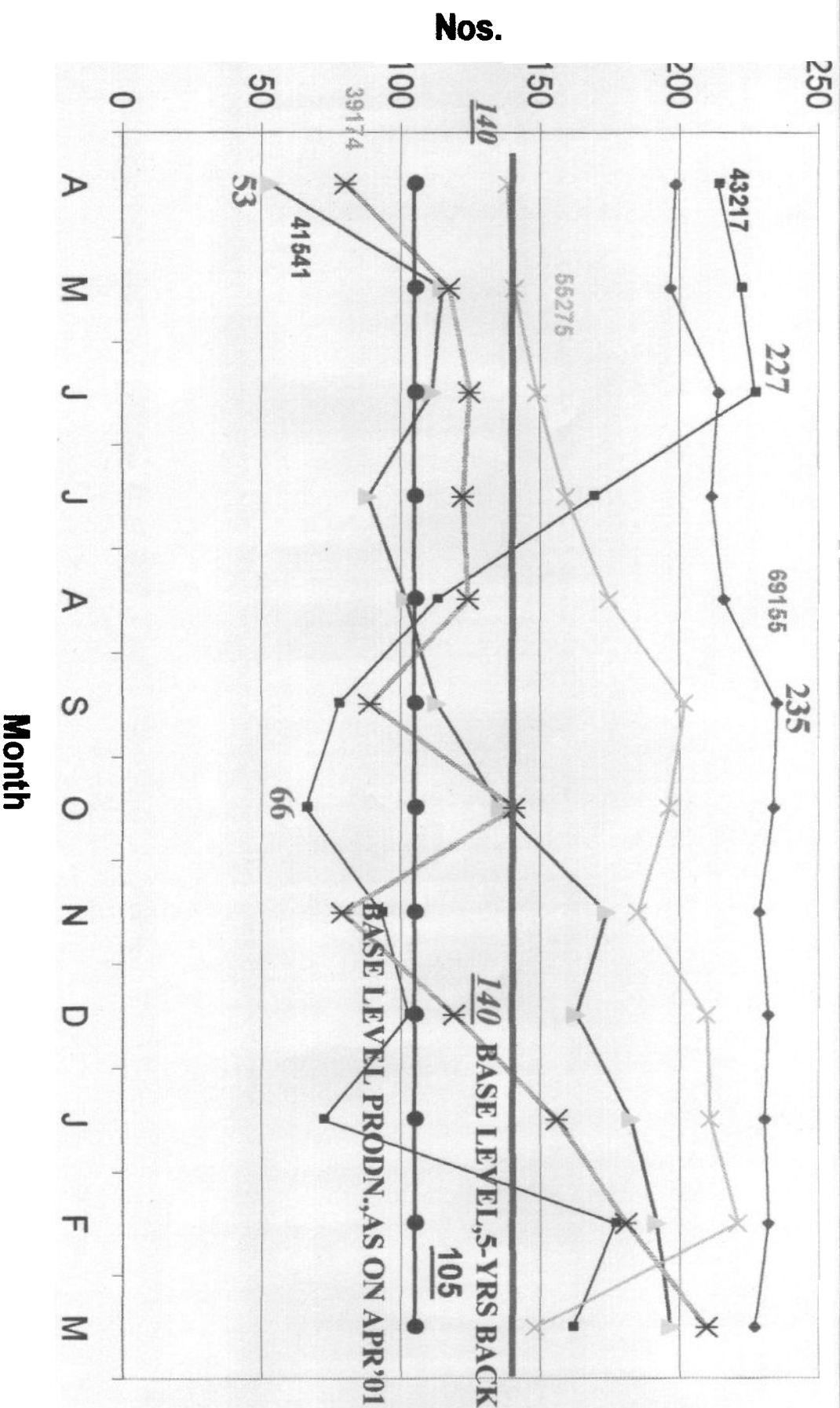
Guiding Factors

- Manpower to be maintained for a production level
- Productivity Improvement $> 10\%$
- Temporary to Permanent Ratio in direct opns. $< 25\%$
 < 1000
- Induction of permanent men to compensate for higher separation



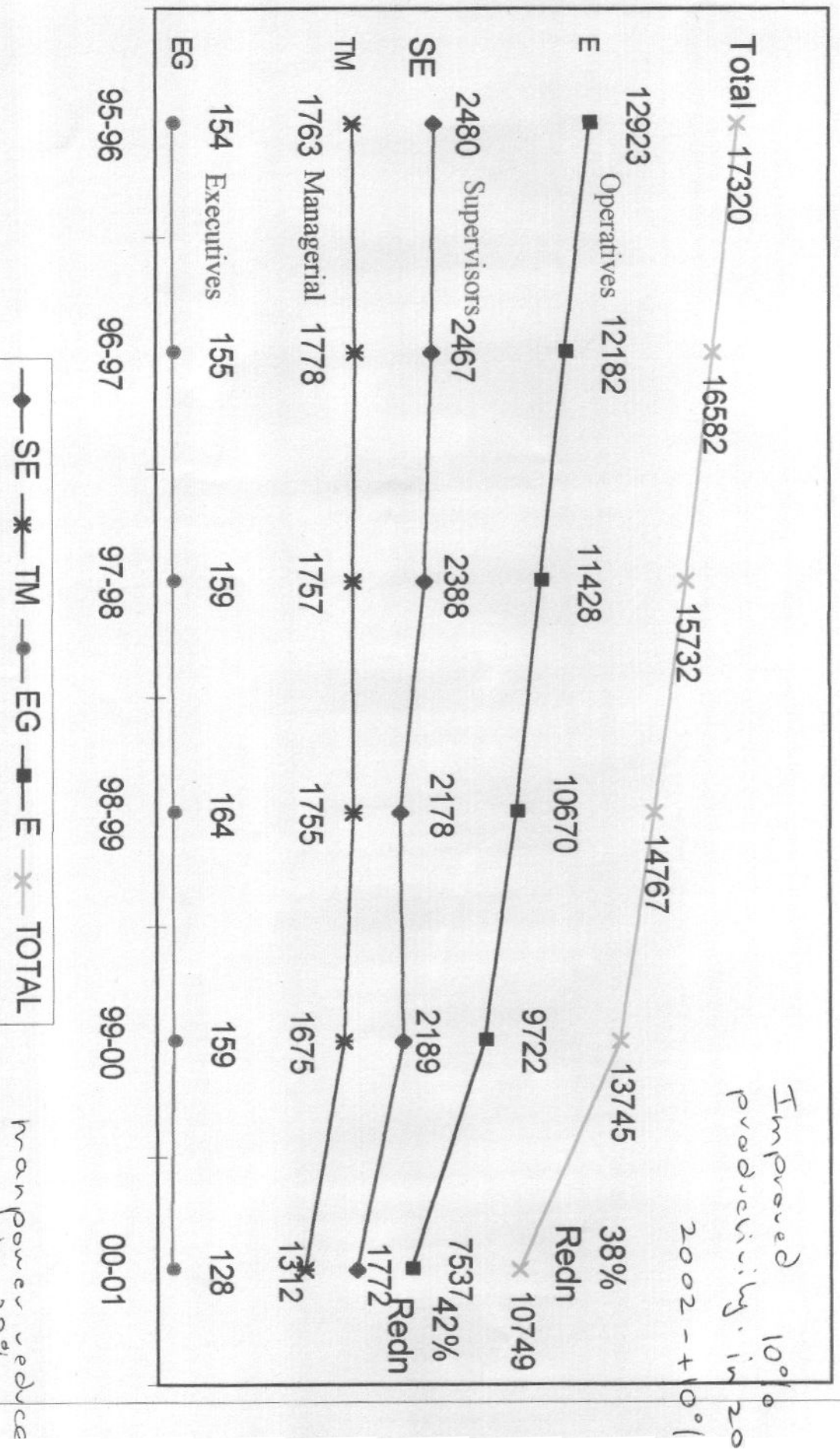
TATA Engineering

PRODUCTION FIGURES (LAST 5 - YEARS - AVG./ DAY)

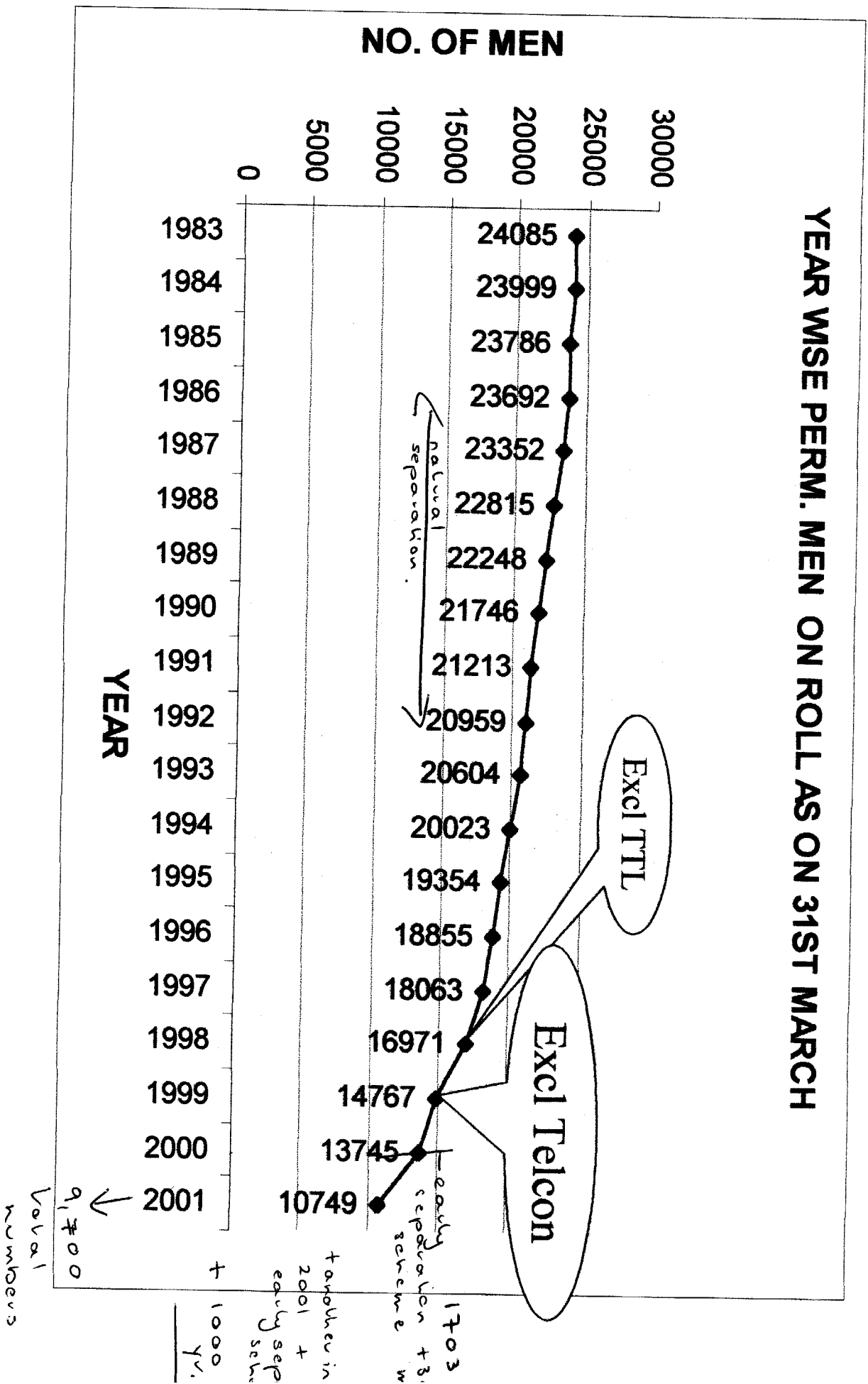


TATA Engineering

PERMANENT MANPOWER IN PAST 5 YEARS



YEAR WISE PERM. MEN ON ROLL AS ON 31ST MARCH



TATA Engineering

PROJECTED SEPARATIONS

YEAR	EG	TM/H/HS	SE	E	Total
2001-02	5	51	85	352	493
2002-03	5	50	99	378	532
2003-04	14	55	132	400	601
2004-05	12	44	105	385	546
2005-06	7	67	111	399	584
Total	43	267	532	1914	2756

↑ natural
separation
at 60.

- **Superannuation on attaining the age of 60 years**
- **Early Separation Scheme (ESS)**
- **Scheme for Medical Retirement**
- **Discharge/Dismissals in case of gross misconduct**
- **Transfer to other units of Tata Engg. and other Companies of Tata Group.**

- * Provident Fund**
 - * Gratuity**
 - * Superannuation Fund Scheme wherever applicable**
 - * Encashment of unavailed leave as per Company rules**
 - * LTA due but not claimed**
- leave
waive
allowance*
- * Pension applicable under Telco Employees' Pension Scheme**
 - * Medical facilities through Mediclaim and OPD facilities in our hospital (reimbursement upto Rs 600/- per year in case OPD facility is not availed)**
 - * Free accommodation in Company quarters for three months from the date of separation**

TATA Engineering

Benefits under ESS (Operators & Supervisors)

under early separation scheme

*** Monthly pension**

*** Refundable Loan**

*** Other Settlement Benefits similar to Superannuation
benefits as applicable at the time of separation**

Age as on 1.12.2001Monthly Pension

Below 45 years

0.9 times last earned salary

45 years but less than 55

1.0 times last earned salary

55 years and above

1.1 times last earned salary

(until 60 yrs).

can on

SALARY = Basic salary + PP (if any) + DA + CDA (if applicable)

slowly
account for
3 months
payable

PENSION PERIOD = From the date of separation till sixty years of age

savings
scheme

+ PPF

deduct

through

pay

In the unfortunate event of the separating employee passing away during the pension period, 50% of the monthly pension will be payable to the employee's spouse till the completion of the pension period.

same
amount

The separating employee may apply for a refundable loan for building a house/starting business/meeting some capital commitments. Depending on the merit of the case, the employee may be granted an interest free refundable loan of Rs.2 Lakhs or 50% of the total pension due to the employee, whichever is lower.

This loan will be recovered from the employee's monthly pension in equal instalments over his pension period.

For vessel
at Vin
of
separa

- Managers willing to opt for early separation will be paid lumpsum - certain months of salary based on the age of the person and years of service put in.

- Age 55yrs to less than 58 yrs - 0.85 times Basic + DA
- Age 58 yrs & above - 1.0 times Basic + DA

Over and above they will also get normal superannuation benefits

Consistent
non-penal
over pen
2/3yr:

Early Separation Scheme has been designed mainly for those persons :

- whose all liabilities are over and looking for retired life with some assured income
- who would like to go back to their native place to take care of their properties
- whose work life is still available and are looking for entrepreneurial venture
- whose growth is not possible and are looking for alternate employment

50% blue collar will go
in next 5 yrs.

(500)

Quality Index.
blue collar.

+ Performance Payment

Performance Reward
100% - increased
% in total
settlement.

- 1. Brief Scheme**
- 2. Road Map**
- 3. Frequently asked question**
- 4. Processing Chart + Consolidation Forms**
- 5. Application Form (2 nos.) (i) For ESS
(ii) For Loan**
- 6. Implementation Committee and its role**
- 7. Employees worksheet**
- 8. Employee wise family data**
- 9. Absenteeism (last 3 years)**
- 10.Non-performer list**
- 11.Facility Planning**
- 12.List of Counsellors**
- 13.Sample Calculation**

An employee who suffers permanent disablement either on account of illness or injury in the course of service with the company, may opt for Medical Retirement Scheme of the Company.

- **50% of Salary (Basic + DA + PP) or Rs.2500/- per month, whichever is higher as Kalyan Allowances under Bhavishya Kalyan Yojana Scheme till he/she reaches the age of normal Superannuation i.e. 60 years.**
- **A sum equivalent to 20 month's last drawn salary or Rs.1.00 Lakh whichever is higher.**
- **Other separation benefits like PF, Gratuity, Pension, Leave Encashment, Medical facility etc.**

- An employee found guilty of gross misconduct may be dismissed from the service of the company. An employee dismissed from the service will not be eligible for any normal benefits and privileges as per norms of the Company (like post retirement medical facilities, registration of wards of employees).

- No. of cases dismissed/discharged in last 3 years are given below:

<u>Year</u>	<u>No. of cases</u>
1998-99	8
1999-00	12
2000-01	7

Steps followed for Disciplinary Actions :

- 1. Report of Misconduct**
- 2. Suspension pending enquiry**
- 3. Issue of chargesheet**
- 4. Appointment of Enquiry Officer**
- 5. Service of Chargesheet**
- 6. Conduct of Enquiry**
- 7. Submission of Enquiry Report**
- 8. Decision on disciplinary action including dismissal**
- 9. Implementation of disciplinary action**

- **Our Company has four plants**

- Jamshepur

- Pune

- Lucknow

- Dharwad

and Corporate Office in Mumbai

Based on the requirement, manpower is transferred across various units and corporate office.

- **Manpower transfer across other companies within Tata Group as and when required, also helps us in rightsizing.**

Single Digit

→ management

level

not

blue

collar

inter

level

**SEPARATION OF PERMANENT EMPLOYEES
THROUGH ESS IN LAST 2 YEARS**

	2000-01			2001-02 (as on 01.12.2001)		
	'SE' GRADE	'E' GRADE	TOTAL (SE + E)	'SE' GRADE	'E' GRADE	TOTAL (SE + E)
	ESS	ESS	ESS	ESS	ESS	ESS
TATA ENGG	154	1274	1428	131	446	577
HVTL	19	130	149	24	56	80
HVAL	10	116	126	19	71	90
GRAND TOTAL	183	1520	1703	174	573	747

Improvement in Direct Manpower Productivity(00-01)

Auto : 13.5% AMH/Eqv Unit

Forge : 14.7% Eqv. Ton/Man/Month

Foundry : 15.6% Eqv. Ton/Man/Month