

**MEMORANDUM OF SETTLEMENT UNDER SEC 2(P) READ WITH SEC 18(1) OF THE
INDUSTRIAL DISPUTES ACT, 1947**

Parties to the settlement

Represented by

**The Management of Royal Enfield Motors
(Unit of Eicher Ltd, Thiruvottiyur, Chennai-19**

- 1. Sri S.Krishnamurthy
General Manager– Production & Engineering**
- 2. Sri K.B.Muthukumaraswamy
General Manger – Human Resources**
- 3. Sri N.Venkataraman
Dy General Manager – Finance**
- 4. Sri T.G.Ramanujam
Senior Manager – Engineering**
- 5. Sri Samson Jose
Senior Manager – Industrial Relations**

AND

**The workmen of Royal Enfield Motors,
Thiruvottiyur, Chennai – 19 represented by
Enfield Employees Union**

- 1. Sri T.N. Nambirajan
President**
- 2. Sri K.Thyagarajan
Vice President**
- 3. Sri S.Shanmugham
General Secretary**
- 4. Sri K.Premkumar
Joint Secretary – Staff**
- 5. Sri P.T.Vijayarman
Joint Secretary – Workmen**
- 6. Sri C.Moorthy
Treasurer**

No of employees covered under the settlement

716

1. SHORT RECITAL OF THE CASE

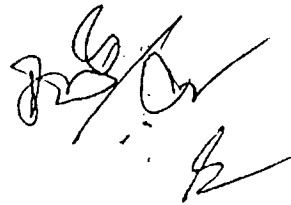
- I. Whereas the Union placed a charter of demands on 17.2.97 for payment of bonus for the accounting year 1996-1997 and thereafter.
- II. Whereas the dispute regarding payment of bonus was taken up on conciliation and after failure of conciliation before the Joint Commissioner of Labour, Chennai, the issue regarding the payment of bonus has been referred for adjudication as one of the issues in ID No. 73 of 98 vide G.O (D) No. 232 dt 31st Mar.1998.
- III. Whereas during the pendency of adjudication, both the parties held several rounds of discussions in order to amicably resolve the issue regarding the payment of bonus from the year 1996-97 and for the subsequent years and have arrived at a settlement, the terms of which are as follows :

2. BONUS FOR THE ACCOUNTING YEAR 1996 – 97

- I. It is hereby agreed that since there was no allocable surplus during the accounting year 1996-97, all eligible employees will be paid a minimum bonus of 8.33% of the actual salary / wages received by them during the year 1996 – 97 as per the Payment of Bonus Act, 1965. It is agreed that the amount of bonus will be reduced , prorata for the number of days an employee was on loss of pay / not in employment during the said accounting year.
- II. It is hereby agreed that such employees whose wages exceed Rs 3500 per month and to whom the provisions of the Payment of Bonus Act 1965 do not apply, shall also be paid an amount equivalent to 8.33% of the actual salary / wages earned by them though not entitled to bonus in law. However, the salary limit for such employees for computation of bonus shall be reckoned as Rs 2500 in terms of the Payment of Bonus Act, 1965. It is agreed that the said amount will be reduced , prorata for the number of days an employee was on loss of pay / not in employment during the said accounting year.

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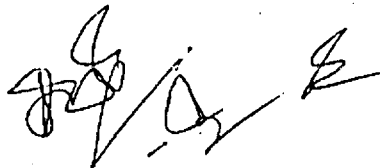


3. BONUS FOR THE ACCOUNTING YEAR 1997 - 98

- I. It is hereby agreed that since there was no allocable surplus during the accounting year 1997 - 98, all eligible employees will be paid a minimum bonus of 8.33% of the actual salary / wages received by them during the year 1997 - 98 as per the Payment of Bonus Act, 1965. It is agreed that the amount of bonus will be reduced , prorata for the number of days an employee was on loss of pay / not in employment during the said accounting year.
- II. It is hereby agreed that such employees whose wages exceed Rs 3500 per month and to whom the provisions of the Payment of Bonus Act 1965 do not apply, shall also be paid an amount equivalent to 8.33% of the actual salary / wages earned by them though not entitled to bonus in law. However, the salary limit for such employees for computation of bonus shall be reckoned as Rs 2500 in terms of the Payment of Bonus Act, 1965. It is agreed that the said amount will be reduced , prorata for the number of days an employee was on loss of pay / not in employment during the said accounting year.

4. BONUS FOR THE ACCOUNTING YEAR 1998 - 99

- I. It is hereby agreed that based on the allocable surplus available for the accounting year 1998-99, the bonus for all eligible employees will be paid at a sum equivalent to 15% of the actual salary / wages received by them during the year 1998 - 99, as per the Payment of Bonus Act, 1965 . It is agreed that the amount of bonus will be reduced , prorata for the number of days an employee was on loss of pay / not in employment during the said accounting year.
- II. It is hereby agreed that such employees whose wages exceed Rs 3500 per month and to whom the provisions of the Payment of Bonus Act 1965 do not apply, shall also be paid an amount equivalent to 15% of the actual salary / wages earned by them though not entitled to bonus in law. However, the salary limit for such employees for computation of bonus shall be reckoned as Rs 2500 in terms of the Payment of Bonus Act, 1965. It is agreed that the said amount will be reduced , prorata for the number of days an employee was on loss of pay / not in employment during the said accounting year.



5. The management has already disbursed a sum of Rs 5000 vide notice dt 22.09.98, Rs 6000 vide notice dt 30.12.98 and Rs 6000 vide notice dt 29.10.99 as adhoc payments . The bonus due and payable under this settlement will be adjusted against the adhoc payments made by the management vide their notices / letters dt 22.9.98, 30.12.98 and 29.10.99 and only the balance, if any, due will be disbursed to the employees.

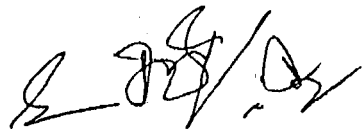
6. BONUS FOR THE ACCOUNTING YEARS 1999-00, 2000-01, 2001-02 & 2002-03

I. It is agreed that bonus for the accounting years 1999-00, 2000-01, 2001-02 & 2002-03 will be payable to all the eligible employees being computed as per the Payment of Bonus Act, 1965 and as amended from time to time. All such employees whose wages cross the eligibility limit prescribed under the Act from time to time and to whom the Payment of Bonus Act 1965 are not applicable will also be paid an amount equivalent to bonus, at the same rate, subject to the salary ceiling for computation of bonus as laid down under the Act .

7. GENERAL


- I. In view of this settlement, it is agreed that no further demand involving any additional financial commitment to the company on issue regarding bonus will be raised or entertained before any forum during the validity of this settlement.
- II. This settlement is in full and final settlement of all demands raised by the union for payment of bonus for the accounting years 1996-97 to 2002-2003.
- III. It is specifically agreed that in view of the present settlement, the dispute pending before the Industrial Tribunal , Chennai bearing Demand No.12 on the subject of bonus under reference G.O(D) No 232 dt 31st Mar.1998 in ID No. 73 of 98 is deemed to be settled in all respects. The parties will file a joint application before the Industrial Tribunal for taking the settlement on record and passing an order / award in terms of the settlement.

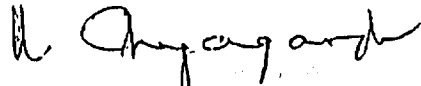
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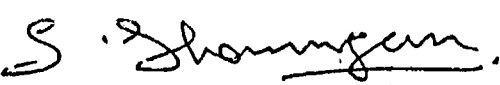


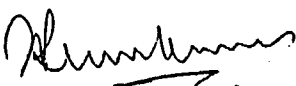
DATED AT CHENNAI THIS 6TH DAY OF JANUARY 2000


Representing the Union

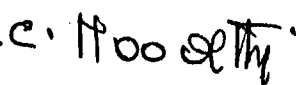

Sri T.N. Nambirajan


Sri K. Thyagarajan


Sri S. Shanmugham


Sri K. Premkumar

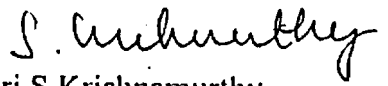

Sri P.T. Vijayarman

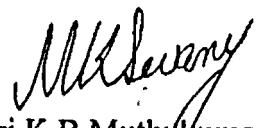

Sri C. Moorthy

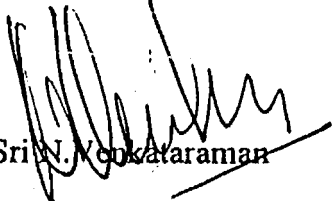
Copy to :

1. The Secretary to Government,
Labour and Employment Department,
Government of Tamilnadu, Fort St George, Chennai.
2. The Conciliation Officer,
Labour Officer (Conciliation),
Teynampet, Chennai.
3. The Commissioner of Labour,
Teynampet, Chennai.


Representing the Management


Sri S. Krishnamurthy


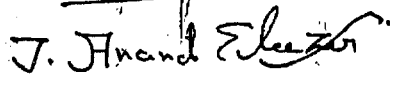

Sri K.B. Muthukumaraswamy


Sri N. Venkataraman


Sri T.G. Ramanujam


Sri Samson Jose

WITNESSES

- 1) 
- 2) 

**MEMORANDUM OF SETTLEMENT UNDER SEC 2(P) READ WITH SEC 18(1) OF THE
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Represented by

**The Management of Royal Enfield Motors
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No of employees covered under the settlement

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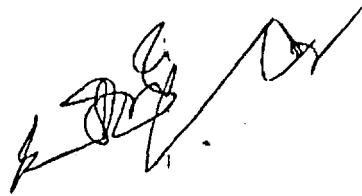
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1. SHORT RECITAL OF THE CASE

- I. Whereas upon the expiry of the settlement dated 08th Dec. 1993 between the Management and the Enfield Employee's Union on 31st Dec.1996, the union submitted a charter of demands vide their letter dated 17th Feb.1997. Whereas the dispute was taken up for conciliation before the Joint Commissioner of Labour, Conciliation, Chennai.
- II. Whereas during the pendency of the conciliation, the union went on strike which resulted in the management declaring a lock out of the factory. on 6th Feb.1998. Thereafter, conciliation proceedings before the Joint Commissioner of Labour ended in a failure. The Government of Tamilnadu vide GO(D) No. 231 dt 31st Mar.1998 referred the issue regarding the justifiability of the lockout declared by the management with effect from 06th Feb.1998 ,by GO(D) No. 232 dt 31st Mar.1998 , 12 demands raised by the union and by GO(D) No. 233 dt 31st Mar.1998, the demand of the management for withdrawal of certain allowances for adjudication. The disputes have been taken on the file of the Industrial Tribunal, Chennai as ID No 71 to 73 of 98 and the disputes are pending adjudication.
- III. Whereas during the pendency of the proceedings before the Industrial Tribunal Chennai, the management and the union, with a resolve to promote industrial peace and in the light of emerging competition in the two wheeler industry and the need to resolve differences amicably, have held several rounds of negotiations during which, the parties arrived at a settlement, the terms of which are as follows:

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2. TERMS OF THE SETTLEMENT

- I. The Two wheeler industry, in general, has undergone numerous changes during the last decade in line with the ever changing demands of the market. This has necessitated continuous changes in the processes to meet the highly competitive buyers market. The entry of multinationals, liberalisation of economy, import policy and more importantly the economic recession have made the industry more vulnerable to those not equipped to match the world class standards.

- II. The emphasis has therefore been to achieve world class productivity, quality and cost effectiveness, to be viable in this competitive environment. Consequently, cooperation and involvement of workmen , staff and other management staff in Improvement in the process by adherence to QS 9000 systems and procedures , acquiring and practicing multi machining skills by employees, Self inspection by the employees at their respective work stations, involvement of workmen in implementing the concepts of Total productive maintenance (TPM) , Elimination of non-value added and wasteful practices , ERP enabled world class practices & Product & process rationalisation have all to be adhered totally in the changed environment. The union and workmen agree to cooperate in the introduction of new products and implementation of new processes which are required to keep pace with competition. The union and workmen agree to observe high standard of discipline and code of conduct.

- III. Management's responsibilities
 - a) Management shall provide necessary infrastructure such as proper machine layout, raw materials, tools, jigs fixtures etc to ensure effective implementation of multi machining and shall impart necessary training to support multiple skill building programs at all levels.

 - b) The management shall provide standardised and calibrated gauges, run charts and necessary support in terms of training inputs and trained quality assurance facilitators.

 - c) The management shall ensure low cost automation, ERP implementation and maintenance, IT applications such as computerised attendance recording system at the respective shops etc.

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3. APPLICABILITY

1. The terms and conditions of this agreement will apply to all categories of permanent workmen and staff who are on the rolls of the company as on 01st Dec.1999 at the factory at Thiruvottiyur

4. WAGE STRUCTURE , ALLOWANCES AND OTHERS

I. BASIC WAGE SCALES - WORKMEN

The basic wage scales applicable to the daily rated workmen for 208 hours of work in a month is revised as follows:

Wage Group	Revised scale of wages for 208 hours in a month (in Rupees)
A	795 - 10 - 825 - 12 - 945 - 14 - 1085
B	805 - 15 - 865 - 18 - 1009 - 20 - 1309
C	815 - 17 - 883 - 20 - 1043 - 23 - 1388
D	845 - 20 - 1085 - 30 - 1535
E	875 - 22 - 1139 - 33 - 1634

The revised basic scales include

- an increase of Rs 100 per month (for 208 hrs)
- revision in the rate of annual increment.

Explanation: The increase of Rs 100 (for 208 hrs per month) will be given effect to from 01st Dec.1999. Fitment in the revised scale to the nearest point will however be made at the time of the first annual increment falling due in respect of each of the workman after the effective date of this settlement.

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II. BASIC PAY SCALES - STAFF

The basic wage scales applicable to the unionised staff for a calendar month is revised as follows

Category	Revised scale of pay for a calendar month (in Rupees)
Staff Grade - I	800 - 15 - 980 - 18 - 1250
Staff Grade - II	810 - 17 - 1014 - 20 - 1314
Staff Grade - III	825 - 20 - 925 - 23 - 1086 - 28 - 1506
Staff Grade - IV	865 - 25 - 1015 - 28 - 1183 - 35 - 1708

The revised basic scales include

- an increase of Rs 100 per month
- revision in the rate of annual increment.

Explanation: The increase of Rs 100 will be given effect to from 01st Dec.1999. Fitment in the revised scale to the nearest point will however be made at the time of the first annual increment falling due in respect of each of the staff after the effective date of this settlement

III. BASIC PAY SCALES - SUPERVISORY STAFF

The three grades of the Supervisory Staff are standardised as per the names given below. All other existing equivalent designations will cease to be in use.

Category	Revised scale of pay for a calendar month (in Rupees)
Supervisor Grade - I	735 - 35 - 1015 - 40 - 1535
Supervisor Grade - II	915 - 40 - 1235 - 45 - 1820
Supervisor Grade - III	995 - 55 - 1875 - 60 - 2415

The revised basic scales include

- an increase of Rs 100 per month
- revision in the rate of annual increment.

Explanation: The increase of Rs 100 will be given effect to from 01st Dec.1999. Fitment in the revised scale to the nearest point will however be made at the time of the first annual increment falling due in respect of each of the supervisory staff after the effective date of this settlement

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L. J. S.

IV. DEARNESS ALLOWANCE

The existing Dearness allowance paid to all eligible employees at the rate of Rs.1.90 per point is increased to Rs 1.94 per point for every point increase over 357 points of the Madras City Cost of Living Index (Base 1960).

V. SERVICE ALLOWANCE

In lieu of the service allowance currently paid as per the settlement dated 8th Dec 1993, all permanent employees on the rolls of the company as on 01st Dec 1999 will be paid service allowance as per Annexure -1 and as the per existing rules and practices. This allowance will not be reckoned for PF, gratuity , leave salary etc and employees will not be eligible for the days they are on loss of pay.

VI. NIGHT SHIFT ALLOWANCE

The rates of night shift allowance will be as per Annexure - 2

VII. SPECIAL ALLOWANCE

The existing special allowance of Rs 51 per month is increased to Rs 151 per month. This allowance will not be reckoned for PF, gratuity , leave salary etc and employees will not be eligible for the days they are on loss of pay.

VIII. HOUSE RENT ALLOWANCE

The existing House Rent Allowance of Rs 290 per month is revised to Rs 900 per month. Other conditions applicable for payment of House Rent Allowance will continue as per existing practice. This allowance will not be reckoned for PF, gratuity , leave salary etc

IX. CONVEYANCE ALLOWANCE

The existing conveyance allowance of Rs. 2 per day of work is increased to Rs 6 per day of work. This allowance will not be reckoned for PF, gratuity , leave salary etc and all employees will not be eligible for the days they are on loss of pay.

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R. J. S. M.

X. WASHING ALLOWANCE

The existing washing allowance of Rs 30 per month is increased to Rs 70 per month. This allowance will not be reckoned for PF, gratuity, leave salary etc and employees will not be eligible for the days they are on loss of pay.

XI. ATTENDANCE INCENTIVE

Attendance incentive shall continue to be paid on the existing basis and the increase given in the basic wages in terms of this settlement shall not be reckoned for the purpose of calculating attendance incentive. This allowance will not be reckoned for PF, gratuity, leave salary etc and employees will not be eligible for the days they are on loss of pay.

XII. FIXED ALLOWANCE

The payment of fixed incentive (comprising of Incentive, Plant bonus, Addl Plant bonus and Fixed incentive adjustment) in terms of the settlement dt 08th Dec.1993, shall stand withdrawn. However, the amounts payable / paid to employees as fixed incentive (comprising of Incentive, Plant bonus, Addl Plant bonus and Fixed incentive adjustment) for Nov.1999 adjusted to 200 hours shall be paid as a consolidated amount under the head 'Fixed Allowance' alongwith wages every month without any variation with effect from 01st Dec.1999. For each of the employee, the amount payable per month will be as per Annexure - 3 of the settlement. This arrangement shall supercede all the earlier agreements on the fixed incentive (comprising of Incentive, Plant bonus, Addl Plant bonus and Fixed incentive adjustment). This allowance will not be reckoned for PF, gratuity, leave salary etc and employees will not be eligible for the days they are on loss of pay.

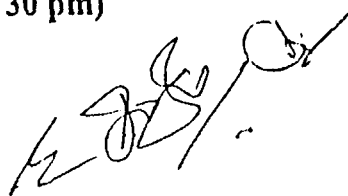
XIII. ROTATION SHIFT ALLOWANCE

The Rotation shift Allowance being paid to staff in Maintenance department and to Security staff has been revised as under:

Maintenance staff : Rs 50 pm (Existing Rs 35 pm)

Security Staff : Rs 45 pm (Existing Rs 30 pm)

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XIV. TESTER BATTA

The tester batta being paid to test riders has been revised to Rs 5.40 per day (from the existing Rs 5 per day) and will be paid for actual attendance.

XV. LUNCH BATTA

Employees who are outside the factory premises on official duty during their lunch/dinner interval will be paid Rs 20 per day (from the existing Rs 10 per day) as lunch batta. The employees will be required to surrender their canteen lunch coupons for the days they claim this batta. This will not be paid to employees when on tour outside their place of posting .

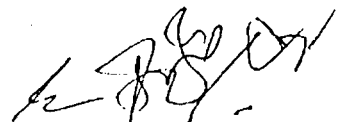
XVI. NEW MEDICAL REIMBURSEMENT & GROUP MEDI CLAIM SCHEME

Those workmen who are not covered by ESI shall be eligible for claiming reimbursement of medical expenses (on production of bills) incurred on domiciliary treatment / chamber consultation charges in respect of self, spouse and 2 children upto a maximum of Rs 125 per month . Such workmen shall also be eligible for coverage under a Group Medi claim policy as per guidelines for hospitalisation covering self, spouse and a maximum of 2 dependant children. Loading factor if any , in insurance premia would stand deducted from the individual employees' wages appropriately. These two new facilities shall be admissible only from the day a workman ceases to be covered by the provisions of ESI Act . The sum of Rs 120 per month presently paid / payable under the head 'in lieu of ESI' to workmen and staff who are not covered by ESI Act , is hereby withdrawn .

As and when the provisions of the ESI Act or any other enactment covering medical facilities for the time being in force or as may be in force in future are made applicable to those employees who are not covered by the said Act / such enactments, the above medical reimbursement for domiciliary treatment / chamber consultation and group medi claim policy coverage for hospitalisation will stand withdrawn automatically with effect from the date such employee is brought under the purview of ESI Act / such enactments.

Explanation : For this purpose, a workman shall be considered outside the purview of the provisions of ESI Act from the time the contribution ceases to be payable to ESI corporation as per ESI Act, 1948 and Rules thereunder.

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XVII. VEHICLE AND SPARES INCENTIVE SCHEME

The Vehicle and Spares Incentive scheme will be in terms of Annexure -4 of this settlement. This scheme will be applicable from 01st Dec.1999. The existing New Vehicle Incentive Scheme as per settlement dt 08th Dec.1993 stands withdrawn and superseded.

XVIII. WELFARE FUND

All the workmen will remit a sum of Rs 50 each towards welfare fund every month. The management will remit a matching sum, of Rs 50 per workman towards the welfare fund. The management and union agree that the employees who retire from service on attaining the age of superannuation will be paid a sum of Rs 22500 from this fund. In the unfortunate event of death of any employee, his legal heirs will receive a sum of Rs 25000 from this welfare fund.

XIX. EDUCATION ALLOWANCE

The existing payment of education allowance of Rs 500 per annum is enhanced to Rs 1000 per annum. This will be paid in July every year commencing from the year 2000.

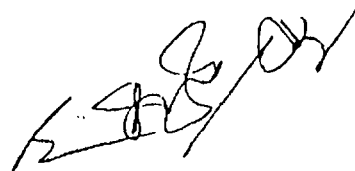
XX. STITCHING CHARGES

The existing stitching charges of Rs 200 per annum for 3 sets of uniforms is revised to Rs 400 per annum.

XXI. SHOES

The management agrees to supply each of the employees covered by this settlement 1 pair of shoes and 3 pairs of socks each calendar year. This will be in lieu of the footwear purchase subsidy hitherto paid and will be supplied in the month of September every year commencing from the calendar year 2000. All employees shall be required to report for duty with proper uniform and shoes. It is clarified that the shoes & socks provided by the company will be considered as proper in all respects. The sum of Rs 200 per annum hitherto paid as footwear purchase subsidy stands withdrawn.

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XXII. RAINCOAT

The management agrees to provide **one quality rain coat** to all the employees during the settlement period. This will be issued before Sep.2000 and will be in lieu of raincoat purchase subsidy hitherto paid. It is clarified that the raincoat provided by the company will be considered as proper in all respects. The sum of Rs 250 paid as Raincoat purchase subsidy hitherto stands withdrawn.

XXIII. FESTIVAL ADVANCE AND EDUCATION ADVANCE

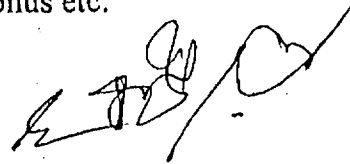
- a. The festival advance paid to the employees will be increased to **Rs 1500 per annum**. This advance would be payable as per existing practice and would be recoverable in 10 equal monthly instalments.
- b. The education advance is revised to **Rs 3000 per annum**. This advance would be payable only to those employees whose children study in schools / colleges in the relevant academic year. This advance would be payable in June every year commencing calendar year 2000 and will be recovered in 10 equal monthly instalments

XXIV. SPECIAL EXGRATIA PAYMENT

- a) The union requested the management for payment of an adhoc amount to all the workmen and staff who are on rolls of the company as on 01st Dec. 1999. The management has sympathetically considered the request of the union and on assurance of cooperation to achieve optimum efficiency in manufacturing operations and to maintain industrial peace and harmony, has agreed to pay a special exgratia payment of **Rs 23000** to each of the permanent workmen and staff who are on rolls of the company as on 01st Dec.1999, strictly as a one time measure and without setting any precedent. This special exgratia payment will not be reckoned for any statutory purpose like provident fund, ESI, Gratuity, Bonus etc.

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b) It is hereby agreed that the bonus payable to the employees for the financial years 1996-97, 1997-98 and 1998-99 shall first be adjusted against the adhoc payments already received by the employees on 22nd Sep.1998, 30th Dec.1998 and 29th Oct.1999 . The special exgratia payment under clause XXIV (a) will be paid only after adjusting the balance of adhoc amounts already received by the employees and remaining so unadjusted as above. The balance of special exgratia , if any, will be disbursed 7 days after enforcement of the award by the Hon'ble Industrial Tribunal , Chennai.

5. GENERAL

- I. The union hereby agrees that, in view of the cordial relations that exist between the management and the union and in the interest of industrial peace, not to pursue the issue regarding legality and justifiability of the lockout declared on 6th Feb.1998 which is pending adjudication before the Industrial Tribunal, Chennai in ID No. 72 of 98 vide reference G.O(D) No. 231 dt 31.03.1998. Consequently, all the workmen will not be entitled to any wages or other benefits for the period from 06th Feb.1998 till 04th Apr.1998 when the lockout was lifted by the management. The terms of reference in G.O No. 231 dt 31st Mar.1998 and pending as ID No. 72 of 98 before the Industrial Tribunal, Chennai is deemed to be settled.
- II. The management hereby agrees that in view of this agreement, they will not pursue the demands raised by them and which has been referred for adjudication before the Hon'ble Industrial Tribunal, Chennai in ID No. 71 of 98 vide G.O(D) No. 233 dt 31st Mar.1998.
- III. The union hereby agrees that in view of this settlement, they will not pursue or raise any demands of any nature on behalf of any workmen / staff for the period prior to 01st Dec.1999.

6. PERIOD OF SETTLEMENT

- I. This settlement will come into effect from 01st Dec.1999 and will remain in force upto 31st Dec.2002 and thereafter until terminated as per law and replaced by a new settlement.

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7. OTHERS

- I. It is hereby agreed that the settlement is a package deal vis-à-vis the charter of demand placed by the union which are pending adjudication before the Hon'ble Industrial Tribunal, Chennai in ID No. 72 & 73 of 98 vide reference G.O(D) No. 231 & 232 dt 31st Mar.1998.
- II. It is clearly agreed and understood that this settlement is in full and final settlement of all demands raised by the union and which are pending adjudication before the Hon'ble Industrial Tribunal, Chennai. All other disputes / demands raised in the charter of demands or otherwise not specifically covered under this settlement shall be deemed to have been settled. The union hereby agrees that those demands which are settled in satisfaction of this settlement will not be raised or reopened during the applicability of this settlement. It is expressly agreed that no demands of any kind involving any financial impact or otherwise on the company during the applicability of the agreement will be raised.
- III. All disputes, differences and demands as well as references pending before the Industrial Tribunal are deemed to be settled including the following references:
G.O No 231 / 98 dt 31st Mar.1998 pending as ID No. 72 of 98
G.O No 232 / 98 dt 31st Mar.1998 pending as ID No. 73 of 98
G.O No 233 / 98 dt 31st Mar.1998 pending as ID No. 71 of 98
The parties will file a joint application in each of the reference before the Industrial Tribunal for taking the settlement on record and passing an order / award in terms of the settlement.
- IV. It is clearly understood between the parties that this settlement will come into force only after the tribunal passes an award in ID No. 71 to 73 of 98 in terms of the settlement and to the effect that the disputes are settled and no more pending.

8. MISCELLANEOUS

- I. Except to the extent of modifications and changes made in this agreement and specifically expressed herein, all conditions of work, benefits and privileges not specifically covered or modified in this settlement shall continue to be in operation. The union and management reiterate the confirmed principles of workings and the obligations enumerated in the settlements dt 08th Dec.1993, 30th Sep.94 and 09th Jan.97.

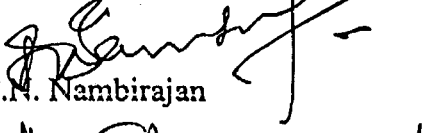
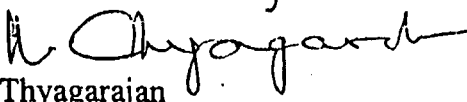
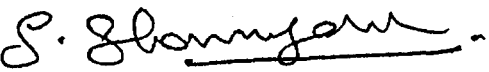
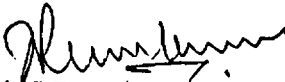
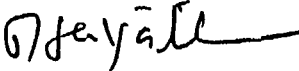
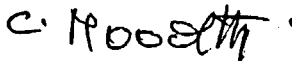
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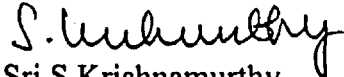

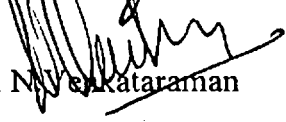


- II. In order to ensure better industrial relations, both the parties agree that they will not resort to any action which may constitute an unfair labour practice as enumerated in Schedule -V of the Industrial Disputes Act, 1947.

DATED AT CHENNAI THIS 6TH DAY OF JANUARY 2000


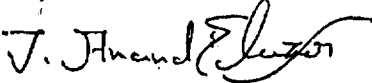
Representing the Union


Sri T.N. Nambirajan

Sri K. Thyagarajan

Sri S. Shanmugham

Sri K. Premkumar

Sri P.T. Vijayarman

Sri C. Moorthy

Representing the Management


Sri S. Krishnamurthy

Sri K.B. Muthukumaraswamy

Sri M. Venkataraman

Sri T.G. Ramanujam

Sri Samson Jose

WITNESSES.

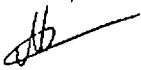
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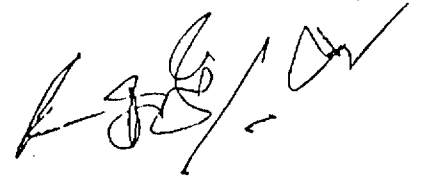
Copy to :

1. The Secretary to Government,
Labour and Employment Department,
Government of Tamilnadu, Fort St George, Chennai.
2. The Conciliation Officer,
Labour Officer (Conciliation),
Teynampet, Chennai.
3. The Commissioner of Labour,
Teynampet, Chennai.

SERVICE ALLOWANCE

Number of years of completed service as on 01 st Dec 1999	Allowance per month (in Rupees)	Number of years of completed service as on 01 st Dec 1999	Allowance per month (in Rupees)
7	27	23	111
8	31	24	117
9	35	25	124
10	39	26	130
11	44	27	137
12	49	28	143
13	55	29	150
14	60	30	156
15	65	31	165
16	70	32	174
17	75	33	183
18	81	34	192
19	86	35	202
20	91	36	211
21	98	37	220
22	104	38	229

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NIGHT SHIFT ALLOWANCE - WORKMEN

Wage Group	Basic Pay		Rate of night shift allowance per night (in rupees)
	From	To	
A	Rs 695	Rs 749	2.25
	Rs 756.50	Rs 1085	2.75
B	Rs 705	Rs 787	2.50
	Rs 798	Rs 1309	3.50
C	Rs 715	Rs 815	2.75
	Rs 828	Rs 1388	4.00
D	Rs 745	Rs 850	3.25
	Rs 865	Rs 1535	4.75
E	Rs 775	Rs 911	3.75
	Rs 928	Rs 1634	5.50

NIGHT SHIFT ALLOWANCE - UNIONISED STAFF

Wage Group	Basic Pay		Rate of night shift allowance per night (in rupees)
	From	To	
Grade - I	Rs 700	Rs 770	2.50
	Rs 780	Rs 1250	3.25
Grade - II	Rs 710	Rs 787	2.75
	Rs 798	Rs 1314	3.50
Grade - III	Rs 725	Rs 845	3.25
	Rs 860	Rs 1506	4.25
Grade - IV	Rs 765	Rs 927	3.75
	Rs 947	Rs 1708	5.50

NIGHT SHIFT ALLOWANCE - SUPERVISORY STAFF

Wage Group	Basic Pay		Rate of night shift allowance per night (in rupees)
	From	To	
Grade - I	Rs 620	Rs 1535	3.25
Grade - II	Rs 1275	Rs 1820	3.75
Grade - III	Rs 1500	Rs 2175	4.75

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VEHICLE AND SPARES INCENTIVE SCHEME

1. **Coverage** : The Vehicle and Spares incentive scheme is applicable to all permanent workmen and staff who are employed as on 01st Dec.1999 at the Thiruvottiyur factory .
2. **Eligibility** : An employee covered by this scheme shall be eligible for benefit for a particular month if he conducts himself in a disciplined manner and cooperates for achieving production/ productivity.
3. The Incentive scheme would be in 2 parts viz.,
 - A. Vehicle Incentive Scheme
 - B. Spares Incentive Scheme

A. Vehicle Incentive Scheme

The vehicle incentive shall consist of

- i. Vehicle incentive
- ii. Adjustments for manpower changes

3.A.i Vehicle Incentive

Steps Involved in computation

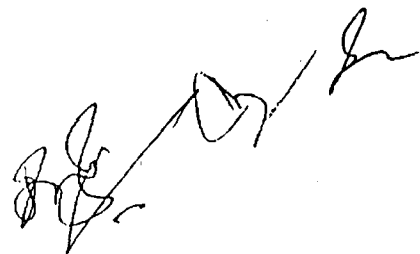
- (a) Computation of standard equivalent bikes (SEB)
- (b) Computation of net offloading factor
- (c) Computation of net equivalent bikes (NEB)
- (d) Computation of vehicle incentive

- (a) **Computation of Standard equivalent bikes (SEB)** : SEB for a month is calculated by applying conversion factors relating to various models of bikes tagged in a calendar month. Such conversion factors are arrived at based on work content for various models vis-à-vis work content for a Std 12V model. The conversion factors arrived at by the engineering department shall be final. Conversion factors of various models are given hereunder.

	Conversion Factor
Std 12 V and other petrol models	1.000
Diesel	0.600
Export models	1.100
Army models	1.100

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Total SMH for a Std 12V Vehicle for this scheme shall be considered as 100.198. It is agreed that offloading factor as of 30th Nov 1999 stands at 35.41% and inloading at 1.92% of total SMH of tagged bikes. SMH given above shall be used only for purposes of determining the impact of offloading/ inloading, new features, process changes etc as outlined in the scheme. This SMH cannot be considered as the standard man hours for routine daily shift operations. During such shift operations , employees shall work for full eight hours.

The conversion factor for all new models will be compiled and notified by Engineering department. Similarly, for any new variant or change in features, the additional / reduced work content would be finalised by the engineering department and SMH accordingly notified from the month of implementation. The conversion factor would be determined with reference to the SMH of Std 12V bike.

In case of any method/ process change in work content, the impact on SMH would be computed by engineering department and the conversion factor will be arrived at in line with the SMH of Std 12 V Vehicle.

- (b) **Computation of net offloading / in loading factor** : The word ' Offloading' refers to temporary or permanent transfer of items/ processes currently produced/ carried out in the plant to an outside source (vendor, sub contractor or other sources) either partially or in full . In loading on the other hand, refers to transfer in of a process currently not done in the plant from an outside source (either partially or in full). The volume of offloading or inloading as well as the choice of components / assemblies to be offloaded / inloaded would be at the sole discretion of the management and its impact would be considered in determining net equivalent bikes in a month. Net offloading factor for a calendar month would be the difference between the Offloading and inloading work content / SMH for volumes produced in that month expressed as a percentage of total SMH of tagged bikes.
- (c) **Computation of net equivalent bikes** : Net equivalent bikes (NEB) in a month would be determined as under

$$NEB = SEB - (\text{Net offloading factor for a month} \times \text{tagged bikes in a month})$$

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(d) **Computation of vehicle incentive:** Eligibility for vehicle incentive would be a minimum of 1150 NEB in a calendar month. No vehicle incentive would be payable if NEB falls below 1150 in a calendar month. Calculation of vehicle incentive would however start from 1050 NEBs as shown in the table below

NEB Slab	Incentive per NEB (Rs)
1051 - 1150	0.60
1151 - 1250	1.00
1251 - 1350	1.50
1351 - 1450	2.00
1451 - 1550	2.00
1551 - 1650	1.75
1651 - 1750	1.75
> 1751	1.50

3.A.ii **Adjustments for manpower changes :** The input of employees in the plant would comprise of all workmen (both in direct and indirect departments) and apprentices , casuals and temporaries as per table below:

Department	Workmen	Act Apprentices	Casuals & Temporaries
Machine Shop	Yes	Yes	Yes
Engine Assembly	Yes	Yes	Yes
Vehicle Assembly	Yes	Yes	Yes
Paint Shop	Yes	Yes	Yes
Plating Shop	Yes	Yes	Yes
Frame Welding	Yes	Yes	Yes
GB Assembly	Yes	Yes	Yes
PPC	Yes	Yes	Yes
Maintenance	Yes	Yes	Yes
Tool Stores /Design	Yes	Yes	Yes
Tool Room	Yes	Yes	Yes
Stores	Yes	No	No
Time Office	Yes	No	No
Inspection	Yes	No	No
Spare Parts	Yes	No	No
HRD	Yes	No	No
Miscellaneous	Yes	No	No
R & D	Yes	No	No

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For computing number of employees in a month, the attended man months of each category of employee is worked out and added up. Base level of 675 man months will be considered for computing adjustments for manpower changes. Adjustment to manpower changes would be made as under:

For reduction in manpower below base level of 675, Rs 2 per number will be added to incentive earnings

Similarly for addition in manpower above base level of 675, Rs 2 per number will be deducted from the incentive earnings

B. Spares Incentive Scheme

- i. Standard Man hour details for all shop made spares (based on actual work content in-house) shall be maintained by engineering department. The SMH so computed updated periodically, shall be the basis for this scheme. The SMH for all future shop made spares will be compiled and notified by engineering department based on actual work content in-house. Similarly for any new variant or any changes in method of manufacturing/ process, the changed work content shall be finalised by engineering department and SMH accordingly notified and applied from the month of implementation.
 - ii. SMH for this scheme, for a calendar month is the sum of SMH of all shop made components and assemblies transferred to Spares Stores. Incentive would then be computed @ Rs 2 / Hundred SMH over and above the base level of 3000 SMH.
4. Incentive payment
Vehicle and spares incentive as computed in terms of this scheme shall be adjusted to actual attendance of an eligible employee and paid on 20th of every month for performance in the previous month. Management reserves the right to deny payment of incentive in the event of work stoppage, go slow or any other acts of indiscipline.
5. Earnings for staff and supervisors
Unionised staff and supervisors would be entitled to the same amount of vehicle and spares incentive payable for workmen
6. The data and inputs for computation of incentive under this scheme shall be based on the data and inputs maintained and notified by the engineering department which shall be final and binding on both the parties.
7. Time Limit
This scheme comes into effect from 01st Dec.99 and will be in operation upto 31st Dec 2002.

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(Sd) S. ASHOK KUMAR
Industrial Tribunal
(Tamil Nadu)
Chennai-600 104

