M 2.1

21-4

PRENATAL INFLUENCES-II

PLAN

1. Drugs, Gases, Prisons, Smoking, Alcohol
2. Maternal Factors
   - i) Age
   - ii) Parity
   - iii) Fatigue
   - iv) Emotions
   - v) Sensitization
   - vi) Dysfunction
3. Paternal factors i)
4. Prenatal environmental influences on behaviour
5. Implications in ante-natal care

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i) Drugs and the fetus

The thalidomide (sedative) disaster of 1961 focussed attention not only of the medical world but also of the general public on the possibility of a drug regarded as being safe, actually being of irrepairable harm to the fetus.

Problem of study of drugs and their effects on the fetus is that experimental methods have to be indirect

i) animal experiments - not necessarily applicable to man.

ii) Cytogenetic studies - yield significant information.

iii) Legalised abortion has made human material available for study.

iv) Therapeutic accidents, sporadic reports and retrospetive studies.. These methods useful in building up as comprehensive a picture as possible Important however not to build up an alarmist attitude and all to easily condemn many most useful and effective drugs in the present therapeutic .

Important facts of fetal physiology which must be horne in mind when considering effects of drug:

i) Therapeutic substances seldom administered directly to fetus except blood and radioopaque substances. Main routes of access to the fetus via the placenta or aminidic fluid.

ii)Transfer across placenta and transfer back to maternal circulation of both the substance and its break down products. Depen-dent on permeability of placenta, protein binding in mothes and fetus renal function in the fetus, differential rates of metabolism in mothes and fetus and placental function among other factors.

iii)Substances gaining access to liquor may reach fetus directly through its permeable skin in early pregnancy or via its git in lates pregnancy. When there is an appreciable amount of fetal urine into the liquor the drug and its breakdown products may reach the liquor and be available for reingestion by the fetus.

iv)Many enzymes systems are inactive in the fetus affecting drug metabolism.

v)Routes of excretion. Placenta and urine into liquor

vi) All above factors change with progress of pregnancy

<u>The therapeutic situations which expose the fetus to the action of drugs and therapeutic regimens</u>

1. Drugs given directly to fetus - advancing field.
2. Drugs given to mothes to secure a desired effect on the fetus
   i) Abortifacients
   ii)Antibiotics as prophylactic against congenital pneumonic in premature rupture of membrane
   iii) Phenobarbitone for hyperbilirubinemia prophylactic vitamin K.
3. Drugs given to the mothes for diagnostic and or therapeutic reasons which may cross the placenta and affect the fetus.
4. Drugs given to women who may be pregnant.-important especially since embryonic period is maximal risk vic for malformation.

<u>Types of damage to fetus</u>

1. <u>Abortion-</u> Substances which produce abortions usually differentially poison the mothes and the fetus or interfere with the development of fetus e.g. i) Guinine , ii) Lead compounds
   iii)Nitrogen mustards
   iv) Prostagladins (action on uterus)

2. I. Tenatogenecity - Tenatogenic effect of a drug depends on :

i) Veratogen reaching conceptus

ii) the concentration which it achieves

iii) the stage of development at which exposure occurs

i) Thalidomide: limb deficiencies, ear hypoplasia eye anamolies and intestinal atrisias.

ii) Tetraajenlines: enamel hypoplasia and yellow pigmentation of teeth

iii) Antimetabolites : Hydrocephalus, craniosynostosis, shortened limbs, absent digits and mental deficiency.

iv) Anticonvulsants Diphenylhydantoin: Mental deficiency microcephaly, craniofacial anomalies, nail hypoplasia.

Tridione/Paradione: Minor anomalies of face, ear and heart defects

v) Warfarin: nose hypoplasia short digits, stippled epiphyses and mental deficiency.

vi) Iodides: goiter and fetal hypothyroidism

vii) Hormones

a. Androgens and synthetic progestogens

Masculinzation of female fetus

b. Stilbocstenol - carcinoma and adenosis of the vagina in exposed female foetuses; genito urinary anomalies is exposed male fetuses

c. Hormone pregnancy tests: increased malformations

d. Oral contraceptives: limb reduction deformities, heart defects, oesophageal anomalies

viii) Ergononine maleate- Syndactyly and absence of pectoralis major muscle (Plonad Anomaly)

3. Adverse effects on function

i) Sedatives: Barbituates- also depression of coagulatin respiratory depression.

ii) Anaesthetics: respiratory depression

iii) Sulphonamides- may compete with plasma albumin for bilirubin binding sites and thus increase dosages, of kernictenus if given to premature or new born.

iv) Coumard derivatives: bleeing manifestation in neonales.

v) Atropine: fetal tachycardia

vi) Streptomycin: may produce deafness

vii) Chloranphencol - grey syndrome -peripheral vascular collapse

viii) Sulphonylureas - Chlorpropanude and tudlbutamide

- hypoglycemia, Vesalagenity

ix) Pethidine - Respiratory depression and addiction

x) Chlorthiazide - thrombory vopenic

xi) Salcylates- congenital intoxication, teratogenic

~~xii)~~

4. Gases i) Coal gas - fetal poisoning serious deformities

ii) Oxygen - retrolestal fibroplasa (blindness)

iii) Amylnitrate - increase in fetal heart

iv) Ether - Narcotic effect

5. Inorganic poisons: e.g. Lead, Mercury, Arsenic copper, phosphorous, bromide, iodide, chlorate of potassium, strontium and x yttrium all have been found in human fetus and all are capable of damaging the fetus.

6. Radiations: X-Rays and atomic radiation are hazardous to fetus Deleterious effect range from gross damage with cell necrosis to production of abnormalities which may not manifest until well into post-natal life.

Increased incidence of abortion, neonatal and infant deaths and abnormal children especially CNS abnormalities have been reported.

7. Vaccines

i) Live vaccines - Smallpox should be avoided

Yellow fever: stongly contraindicated

Measles/Rubella: No incidination

Polio: should be avoided

Precaution of enquiring about possibility of pregnancy in all women of reproductive age should be taken.

ii) Killed Vaccines - JAB, Cholcia, tetanus typhus

8. Smoking

i) Retards growth of urban child

ii) Birth weight on an average 5-8 ozs less

iii) Higher mortality rate among children of alcoholics

(2) MATERNAL FACTORS

1. Maternal Age:

- Stages in the development of a women

Menarche, adolescent sterility period, nubility and maturity

- Having babies at a very early age is almost as undesirable as having them at a very late age

- The period from 23 to 28 years of age are the best age for conception. During this period there is least difficulty, in pregnancy, highest survival rates for mother and baby, the highest rates, lowest abortions, miscarriages. Stillbirth, prematurity and malformation rates.

- a) Effect on birth weight: Mukherjee & Biswas (J. Ind. Med.A. 32: 389-398, 1959) observed a consistent increase in birth weight with the mother's age primiparas upto age 30 years. Among those with 2-3 the increase was seen till 25 years - other controversial studies (no effect etc.)

b) With increasing age

- increasing incidence of Mongolison (older female -dysplastic ovum) and
- chorionepethelioma
- vesicular mole
- achondroplasia
- central placenta praeria
- central nervous system malformations
- anencephaly
- twinsof unlike sex

c) Ratio of boys to girls tends to decline with advancing age of mother

d) oder age of mothers is as unfavourable factor in all levels of retardation but it is of greatest importance is imbeciles. It offers a pleas for early marriage and completion of child bearing before the mother is 35 years of age.

e) Prematurity, miscarriages and stillbirth are all associated with maternal age. The yongest and older mothers tending to contribute to the rates (Yerushalmy studies).

f) Toxaemias of pregnancy are more frequent in older mothers.

g) Ectopic pregnancies are more common in older mothers

h) In all the conditions discussed above the maternal age effect is rather more considerable in the primipara than in the multipara. In the primipara of advancing age there is something akin to an atrophy disuse effect in the reproductive organs.

2) PARITY: The numbers of previous pregnancies of the mother birth order, and birth interval.

- First born children, as well as those born at the end of a long series of pregnancies tend to be less viable than those born in between irrespective of maternal age. This tnedency becomes increasingly marked with maternal age. Fetal malformations are slightly more common in children of mothers ~~xx~~ having their first pregnancies than in 2nd and 3rd born. Anencephaly, spinabifida and hydrocephaly are more common in 1st burns. There is a complete reversal after birth of the association between parity portion in the family and mortality. First born is characterised by the lowest death rates. The factors contributing to higher mortality rate of firstborn is that primigrand as opposed to multiparous women exhibit a marked tendency to slowing of the ~~xxxxxx~~ utero-placental circulation. This in effect means that the fetus receives as inadequate supply of oxygen with consequences which may be fatal to it.

- Excess of mongoloids in the first birth rnak at all maternal ages
- PDA more common in firstborn - greater liabili y of first born to anoxia
- Marked correlation between primiparity and hydrowinios
- Birth weight increases by parity
- Congential dislocationoof hip twice as common in first borns than 2nd or 3rd borns.

Rule: Prenatal environment faron the later born while postnatal faron the first born

- Mental illness more among fourth born and later ~~[illegible]~~
- Elderly multigravida more problematic than elderly pnonigrardi

3. GATIGUE Should a mother work during pregnancy?

Not if is fatiguing. What is fatiguing? Difficult to define studies in Great Britain, Scotland, Vienna, New York.

- Prematurity rates higher
  - women who go to work during the later months of pregnancy (Douglas)
  - women who lack home help (Douglas)
  - women who work vs home makers (Ferguson, Ill)
  - women who have not worked at all vs women who worked during first four months of pregnancy (Report maternity in Great Britain)
  - No difference between working mothers and housewics if work terminated 2-3 months before confinement (Balfour)

Conclusion: No reason to believe that work during the first 5 months of pregnancy increases the risk of prematureity or still birth, work during the last 19 weeks however seem to invoke an additional risk.

Prenatal influences - P220 Dr. Sstewarts stud.

Maternal fatigue affects the fetus

i) Study of fetal movements in relation to mothers activity - no significant association

ii) Morris and cowoakers (Lancet 2: 481 (1956) found that muscular exercise produces a reduction in effective uterine contraction and in a healthy woman rest results in an increase in uterine circulation. The reduction in the fatigued mother would undoubtedly be to the disadvantage of the fetus.

Among women who had infants with major defects greater prevalence of women who did heavy work (McDonald 1958)

Thei longer time a mother spent in a rest home (Peller, vienna 1930) the greater was the average length and weight of the child.

In athletic exercise during prgnancy (Dr.Erdely Hungary 1960) complications of pregnancy were less frequent, labor time was shorten, frequency of CS half that of non athletes.

Conclusion: Work and exercise far better for the mothes and fetus than inadequate work and exercise. How much work and exercise is adequate and how much work and exercise is too much?

(4) EMOTIONS

Can the pregnant mothers emotional states in any way influence the conception in her womb? Tradition indicates that they can. Scientific enquiry - begins only in the last few decades has evidence which is speculative.

Evidence supports the hypothesis

i) Stressful emotions in the pre-pregnant and pregant women are capable of affecting the conptus in various ways - This will depend on stage of development, genotype, maternal health nutrition etc.

ii) During the organ-forming period of development in the second four weeks there is evidence that maternal emotions affect physical development

iii) At later stages of development it may play a role in such functional physical changes in the fetus as pylonic stenosis or peptic ulcer (not certain)

iv) Capable of producing hyperactive fetus and hyper irritable baby.

v) Maternal attitudes of acceptance, rejection or indifference may well spell the differ nce in some cases between adequate and in adequate development of the fetus.

vi) Finally not all mothers who are emotionally disturbed during pregnancy give birth to offspring who have in any way been seriously affected. Pregnat women should receive this assurance

(5) DYSFUNCTION - prematurity, Cong. Malform, abnormal pulmonary vent. lateral

i) Diabetes - hypoglycemia, large baby, anoxia, lethargy

ii) Hyperthyroidism- hyperthyroidism, exophalmos, hypothyrodism

iii) Hypothyroidism - goitre is fetus, cretinsm

iv) Parathyroidism- hypoparathyroidism in fetus

Increased Ca needs of fetus- osteomalace and tooth decay of mother during pregnancy.

v) Hypocorticoidism - no significant abnormality of labour or

vi) Hypercorticoidism - congential adrenal

vii) Anemia of mother- anemia in newborn is fourth fifth month when stores are depleted

- congenital malformation and prematurity more on anemic mothers

viii) Thrombocy to penic purpura - transmitted to fetus

ix) Sickle cell anemia - abortion stillbirths and abnormalities being quite frequent

x) Hypertensive disease- high rate of fetal loss due to reduction in uterine and placental circulation

xi) Toxaemias of pregnancy - serious impairment in utero placental circulation - Sodium and amino acid transport in fetus impaired.

xii) Obesty - is good neither for mother nor the fetus

xiii) Hydramnios - assoc with malformations

xiv) Epilepsy - Some epileptics improve during pregnancy, some get worse what effect maternal epileptic episodes during pregnancy may have upon the fetus remains obscure at present.

xv) SLE- Transmission LE cells and newborn infants may develop sercotiemolytic anemia, leucopenia and thromborylopenia.

xvi) Choriocarcinoma - transmitted to fetus

xvii) Malignant metasoma - transmitted by metastasis from the mothers to the fetus

(6) SENSITIZATION

i) RH factor

ii) Maternal fetal - ABO incompatibility

iii) Transplacental sensitization of fetus possible for allergy - Asthma Hay fever.

III. PATERNAL FACTORS

i) AGE - What is the father's age

Yerushalmy has shown that there is infact a marked relationship between the stillbirth rate and the fathers age. The ~~xx~~ rates are high for very young fathers and for old fathers regardless of the age of the mother.

IV) PRENATAL ENVIRONMENTAL INFLUENCES ON BEHAVIOUR:

i) At birth Chinese children are a year older than their European peers - because Europeans age- implicity ignores the prenatal period.

-assumption between conception and birth there can occur ~~xx~~ little or nothing of psychological importance.

ii) Difficulties in research

a) Individual differ nces in behaviour thought to be genetically determined.

b) Prenatal influences swamped by influences on morphology

c) Monitoring of fetal responses has been unreliable and difficult to use.

d) Healthy reluctance to disturb mother or fetus for purpose of research.

e) Scarcity of information on the neurophysiological and endocrinological mechanisms mediating influences on behaviour

iii) Current research shows evidence

a)Prenatal non-genetic transmission of information

b) Protection from external stimuli which the fetus is accorded by the womb largely offset by its extreme sensitivity

c) Assumption wrong - that fetal nervous system is unlikely to register experience

- unmyelinated fibres can also conduct
- EEG activity has been recorded in fetus from 7 weeks onwards (before development of primitive grey matter and hence sub-cortical ? in organs)

d) Visual and somatosensory responses at 24 weeks

- reflecting actual cortical events.

e) Conclusion: The uterine environment may give rise to subtler changes which thought causing no macroscopic abnormality may somehow affect those developing neural tissues of the fetus which govern behaviour in later life (BMJ - 1964)

f) Maternal expereicne is maturity as well as infancy, can influence offspring behaviour both prenatally via the uterine environment and post-natally via rearing behaviour.

g) Summary of finding of animal behaviour

- prenatal pediatrics - P171

Influences

1. Nutrition

a) Effect of vitamin supplements to mother in pregnancy lactation- children at 4 year studied - IQ higher by 52 points than in contra

b) Light for date babies show significant intellectual deficits in later life.

c) Monozygotic turns 27 par - lower mean verbal and performance IQ score by lower birth weight turns (unequal sharing of inadequate nutrient supp

d) Rats: lipid free diet affects maze learning performance

2. Oxygen - hypoxic in complicated pregnancies related to cerebral palsy, epilepsy, mental retardation, reading difficulties and behaviour.

Problems - poor motor coordination, reduced attention spas, poor concentration, hyperactivity, impatience, irritability and temper tantrum By 8 yrs difference less

3. Hormones/Sleep/Emotion

- Effect of thyroid defficiency
- Effect of androgen
- Emotional distress- unplanned pregnancy absent or disinterested husband, distress at interruption of career, fears regarding child birth and competence in child

hyperactive fetus - colicky or necrotic exercise crying, funness, child irritability after 3 yrs - marked shyness - lack of confidence, poor initiative, apprehensions in social contacts reluctance to join in play.

PERSONNEL MANAGEMENT C.P. C-P-

M 2.2

DCHM 1988-89 VI Batch

MAD: Module D: Personnel Management

Objectives:

1. Determine and recruit the personnel required for a programme.
2. Organise personnel to achieve programme goals.
3. Train personnel to prepare them for their tasks and provide continuing education for staff development.

Topics

Introduction to personnel management, Manpower Planning, Selection, Job analysis, Wage administration, Training, Staff movement, Personnel policies and procedures, Fringe benefits, Legal policies in Personnel Management.

Resource Persons

Dr.Rajaratnam Abel, Dr.Thomas P. Benjamin, Mr.Mathew Asirvatham, Mr.Immanuel and Mr.Mathuranayagam.

Reading

S.No.	Reference	Area
1.	Agarwal, R.D., (Ed) Dynamics of Personnel Management in India, A Book of Readings, Tata Mcgraw Hill Publishing Company New Delhi, 1973.	General Reading
2.	CBCI, Personnel in Church Related Institutions, Diocesan Press, 1980.	Selection Wage administration Personnel Policies and procedures Legal policies in Personnel Management
3.	CMAI, Employees Service Rules, Hospital Administration Section, CMAI	Legal policies in Personnel Management Personnel policies and procedures
4.	Cuming, Maurice, W., The Theory and Practice of Personnel Management, Heinmam, London, 1977.	Selection, staff movement, Wage administration
5.	Drucker, Peter, People & Performance: The best of Peter Drucker on Management, Allied Pvt. Ltd., Delhi, 1981.	General Reading
6.	Eimeran, Van, W., Engelbrecht, R., Flagle, Ch.D., Third international conference on system science in Health Care - Health Systems Research, Springer - Verlag, Berlin Heidelberg, New york, 1984.	Manpower Planning

S.No.	Reference	Area
7.	Ghai, O.P., Management of Primary Health Care, Interprint, 1985.	Training
8.	Gish, Oscar, Guidelines for Health Planner- The planning and management of health services in Developing Countries, Tri Med Books Ltd., London, 1977.	Manpower Planning
9.	Goel, S.L., Health Care Administration Policy Making and Planning, Sterling Publishers Pvt.Ltd., New Delhi 1980.	Manpower Planning
10.	Gosh, Subratish, Personnel Management, Text and Cases, Oxford, 1980	Exercises
11.	Hall, T.L., & Mija, A., (Ed)., Health Manpower Planning, Primary, Methods, Issues, General reach.	Manpower Planning
12.	Kataria, M., Ramaiah, T.J., Kumar Sharad, Supply and Demand for Specialists Medical manpower in India, 1983-84	General Reading
13.	Katz., F.M., & Fulop, T., Personnel for Health Care, Case Studies of Education programmes, PHP70, WHO, Geneva, 1978.	General Reading
14.	Mareno, J., Shluter, P., Joerdsun, ACJ., Vogel, L.C., Savega King, F., Guidelines for the Management of Hospital Outpatient Services, Administration Support Unit, Ministry of Health, Kenya, 1982.	Job analysis
15.	Parkinson, North Cote C., Rustoniji, M.K., Business is people, IBH Pub.Co., Bombay,1983	General Reading
16.	Pettman, B.O., Tavernier, G., Manpower planning workbook, Gower Dress, 1979.	Manpower Planning, Selection.
17.	Ray, D.K., Shipp, P.J., Hall, T.L., Guidelines for Health Manpower Planning, WHO, Geneva, 1980.	Revision on Module D, Personnel Management
18.	Rao, N.P., Human Resource Development in Management and Administration, B.R. Publishing Co., Delhi, 1986.	Training
19.	**Rustomji, M.K., Getting Along better with** people, IBH Pub.Co., Bombay, 1982.	**General Reading**
20.	Rabey, Garden P., Staff Selection, Dialogue, 1988	Selection
21.	Srinivasan, S., Management Process in Health Care, VHAI, New Delhi, 1982.	Manpower Planning, Job analysis, Staffing.

Lesson Plan

1	Pretest & Introductory Lecture Dr. Thomas P. Benjamin
2&3	Manpower Planning - Exercise Dr. Thomas P. Benjamin
4	Job analysis - Exercise Dr.Rajaratnam Abel
5	Wage Administration - Exercises Dr. Thomas P. Benjamin
6&7	Training Assignments - Submission Dr. Thomas P. Benjamin
8	Personnel Policies - Lecture Mr. Immanuel
9	Legal Matters - Lecture Mr. Mathuranayagam
10	Selection - Promotion
11-13	Reading
14-16	Presentation of Debate topics

Topics for Debate

1. High salaries are the best motivators in Community Health and Development organisations.
2. Trade Unions are a help to Management
3. The need for staffing should be determined by the line staff.
4. Performance appraisal is a boon to management.
5. Internal selection is better for promotion.
6. The legislations for social security are a boon to workers in community health and development organisations.
7. Community volunteers should be paid salary by the organisation/ government.
8. Selection from a panel of applicants is superior to selecting known candidates.
9. Community volunteers should be selected for the community

Two persons for each topic, one speaking for and one speaking against. The write up should be submitted to the coordinator at the end. Each person will be given only 10 minutes for speaking.

Evaluation

Evaluation will be continuous and marks will be allotted for attendance to contact sessions, group discussions, tests, exercises, debate and assignments.

(3)

The Roles of the Administrator

Role	Knowledge	Ability/skills	Attitude	Value
1. Analyst	Survey method and statistics	Collecting and analysing data	Willing to search for information	A good analysis is a useful aid for making decisions.
	Principles and knowledge of economics, logic, psychology, sociology, health care delivery system	Assessing trends from relevant data	Feeling comfortable with figures and opinions	
2. Planner	Planning principles Trends in the health care, economic, political and social sciences	Relating objectives to planned programmes Assessing strengths and weaknesses realistically Foreseeing possible unintended outcomes Developing programmes within constraints and available resources Involving a large number of staff and community in the planning process	Desire to project the past and the present into the future Desire to work towards accomplishment of objectives Desire to put philosophy into practice	Plans are necessary guidelines for action. They translate philosophy and objectives into realistic and workable services
3. Change agent	How change occurs in societies, organisations, systems, groups etc.	Initiating change Involving people in change	Desire for a pro-active, rather than reactive, response to pressures.	Relationships, systems, organisations, societies are not permanent and rigid. They are liable to change

Role	Knowledge	Ability/skills	Attitude	Value
	How to introduce and sustain change in organisations	Analysing change needs from all points of view: the system, the staff, the patients, relatives, and the community	Openness to change in oneself and in others No desire to manipulate others towards the changes one wants	
4. Resource-linker	Information of all agencies and groups related to the health care institution	Locating and relating in a collaborative fashion with health, welfare and other agencies and groups of people of relevance to the institution	Desire for sharing and collaborating with others The view that duplication is expensive and, in the long run, not helpful	Collaboration rather competition for people's health care is a major contribution to health services for the poor
5.6, Interpreter and Communicator	Principles and processes of communication Factors that influence people's understanding Channels of communication	Listening Speaking clearly Expertise in the local language Ability to put oneself in the other's shoes	Willingness to elicit and share views and perceptions of oneself and others	There is a need for a wide understanding of and participation in, hospital affairs in the hospital and in the community
7. Educator	Principles of learning and education Learning methods On-the-job learning techniques	Guding the worker in his job Identifying people's learning needs Setting an example of what is asked for Devising the most appropriate means of learning for the individual or the group	Willingness to teach and presevere with teaching efforts	Work presents a number of opportunities for learning They can be used for inquiry and analysis

Role	Knowledge	Ability/Skills	Attitude	Value
8. Problem solver	Steps in problem-solving How individuals and groups look at problems Techniques of analysis for evaluation of alternatives	Collecting and analysing data Making decisions for solving the problem Involving all affected parties in the process	Problems are meant to be solved or overcome	Fault-finding or blame-laying approaches to problems are not helpful in their solution. An unprejudiced problem-solving approach, the only desire of which is improvement, is helpful
9. Facilitator	Psychology and behavioural sciences	Creating a climate of openness and trust between individuals and groups	Desire for open, trustful relationships between people	It is necessary to create a healthy climate of openness and trust if conflicts are to be aired openly and resolved, rather than repressed and buried
10. Coordinator	Systems and procedures that relate positions and departments to one another Principles of communication Writing reports and assigning priorities	Designing and implementing new systems and procedures Speaking and writing effectively Directing individuals, groups and departments to see the common goal	The systems view of management	'Parts' must be harmonised to produce an excellent 'whole'

Role	Knowledge	Ability/Skills	Attitide	Value
11. Team-builder	Techniques of team development	Creating a team out of a group of individuals	Desire to build strong individuals and evolve teams of such mutually supportive individual	Respect for human potential and individual uniqueness
12. Chief executive	As planner, executive and review: theory and practice of management sciences Principles of planning organisng, staffing and reviewing	How available resources can be used more effectively through better planning, organising, staffing and reviewing	Desire for systematic work Desire for experimenting with new ways and methods	Resources must be conserved and better used for fulfilling objectives

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Bender DCHM

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(5)

Introduction to Management Theory

I

Traditionally, management has been associated with industry and economic enterprise. It would be pertinent at this point to review the definition, role and relevance of the Manager and management and its contribution to economic development. The manager is the dynamic, life giving element in every business. Without his leadership the resource of production remain resources and never become production. In a competitive economy, the quality and performance of the managers determine its survival. Management is the organ of society specifically charged with making resources productive. Management is the people at the top. A manager is some one who directs the work of others and who, as a slogan puts it, does his work by getting other people to do theirs. But these do not tell us what management is and what it does. These questions can be answered by analysing management functions. For management is an organ and organs can be described and defined only through their function. The enterprises can decide, act and behave only as its managers do - by itself the enterprise has no effective existence. Management is defined as the art of "guiding the activities of a group of people towards the achievement of a common goal, the art and science of decision making and leadership".

The essence of business enterprise, the vital principle that determines its nature, is economic performance. The first function of a manager is therefore that it is an economic organ. (The ultimate test of management is business performance. Achievement rather than knowledge remains of necessity, both proof and aim of management. Management, in other words, is a practice, rather than a science or a profession, though containing elements of both. No greater damage could be done than to attempt to professionalise management by licencing managers, for instance, or by limiting access to management to people with a special academic degree).

The second function of management is to make a productive enterprise out of human and material resources. Concretely this is the function of managing managers.

The third function is to manage workers and work. This implies organisation of the work so as to make it most suitable for human beings, and organisation of people so as to make them work most productively and effectively.

Traditionally even in the business enterprise, we were given to thinking that resources including fixed capital like machinery and variable capital like materials and men, who represent human resources and who represent the non specific know-how input, together with specific inputs such as promotional effort, coordination and control by governmental organisations and agencies would automatically lead to rapid economic development; but, unfortunately, that has not happened. The missing link, is management.

II

Historical analysis has shown that it is not just material resources alone that contribute to rapid development. According to Solow Abremovitz, between 80-90% of the growth of output per head achieved in the American economy over the last century could not be accounted for by increases in capital per head. It is the men manning the machines and management that have been keys to rising productivity and the rapid economic development, that was also the result of decentralised decision making. Perhaps, the mystery of development may be uncovered by the rediscovery of the tremendous potential of

human resources in general and the application of the principles of management in particular to a variety of production, regulation and control service and public administration tasks.

Jean Servan-Schreiber, a noted French writer, in his book, American Challenge, has argued that the United States rose to the rank of a first rate power technologically, economically and militarily - by virtue of its managerial competence resulting importantly in turn from investment in human resources. USA concentrated on the training of human resources, particularly in management and introduced and enforced appropriate and vigourously functional organizations and systems in business, industry, the public utilities and public administration.

III

The organization and systems in use in the government departments relevant to the above mentioned sectors in our own country are traditional and bureaucratic without any deliberate use of systems geared to efficiency. Thus we have a pathetic picture of losses in production running into crores of rupees. At the one end, there is under utilization of installed capacity to the extent of as much as 50%. This has nothing to do with lack of financial and physical resources. It is a simple but remediable dearth of managerial resources - leadership, organization and systems. Application of modern management concepts and techniques which, if applied with care, could magically improve capacity utilization and reduce losses. But the resistance to such concepts in public and associated government departments, which have a strong tradition of public administration designed for earlier and obselete objectives, is so strong that it may take years to reorganise these bodies along the right lines.

At this stage I would like you to reflect on the status of many mission hospitals in the voluntary sector in India today. Some of them, I have had the opportunity to know and analyse. Most of you would by now have a greater knowledge and understanding than I have had. My own-experience indicates that the average bed occupancy in hospitals is about 30%. We have about 30 doctors per 100000 population on the one hand while the national indicators of health in our country is IMR 120 per thousand, ratio of crude birth rate to death rate 35/13; life expectancy at birth 52 years; percentage of infants born below birth weight 30, in the year 1981.

This, in my analysis is due to the lack of managerial application and the lack of social relevance of professions. Though individual professionals are neither selfish nor petty in the innate sense, the way their educational skills and values are developed, compels them to look after their own career interests and career survival at the expense of the masses. Each profession works under a given system. The system derives certain skills and values from the education and training base. Thereafter, it assumes certain postures in relation to the society in tune with the organization and norms through which the profession operates. Thus, the values of the educational and organizational systems. Do these values promote a code of ethics and service to the society as the main motivation or do they stand in the way of individuals in observing these norms, or does the system induce values to the profession? Since the motto of the profession is service to the society, the structure, content and values of a profession should be such that it serves the largest mass of people. Then only it can qualify itself to social relevence.

Friends, I bought in this issue of social relevance into this talk today for reasons I believe are unique to students studying in this institute. The hospitals in the voluntary sector and professionals working in them have the greatest opportunity to serve the masses in spite of what the medical profession stands for today. The mission hospital system is geared to serve the masses. You will be the managers of these hospitals. If you can use this system and practice the principles of management in the functions of these institutions, I believe you are vested with the potential and the unique opportunity of transforming the health status of this country. I am introducing to you the theories of management with this belief and I hope the series will benefit you as practicing managers. The task of management in the voluntary health sector institutions will be to ask the right questions and define the relevent structure and systems of services, define performance standards relevent to the organization and health standards to be achieved in the country, and organise the work, workers and managers of the different functionaries of the said organization.

IV

To understand management theory, it will be necessary to understand the history of social organizations. History is divided into three successive periods, the mediaeval period, the period of industrial resolution, and the modern period of mass procution. The outstanding feature of the three periods is its state of technology. For management science, it is also important from the point of organizations. The state of the social organization in each period was also significantly different. Today most of us live, work and play as members of well organised groups of people. These signs of organised activity are chiefly a reflection of the attempts society has made to adapt itself to the pace of science and technology. Progress takes place through science and technology on the one hand and social organization at the other. The full potential of various specialisations, including science and technology, cannot be attained without a social organization consciously adopted to the purpose of fostering skills, eliciting optitude and talent - each suited to the specific objectives. Social organizations are of numerous kinds, each with its own goals and objectives. The effectiveness of such groups depends upon the quality of the organization, systems, management, leadership etc.

From the early concepts, management science has come a long way. However the application of management can be only through social organizations. The movement that we refer to as management science is partly an outgrowth of operations research, mathematical economics, the behavioural sciences and other fields, borrowing liberally from physical sciences, mathematics, economics, psychology, sociology, anthropology, physiology and so on. It differs mainly from the above sciences in its area of application.

Let me illustrate a few instances of how the different disciplines have contributed to management theory. In the late 1880's two eminent mechanical engineers, Henry R. Towne & Fredrick W. Taylor, started what is generally referred to as the scientific management movement. Taylor is better known as the father of the movement. Taylor improved management methods by emphasising the concept of work measurement. He developed the techniques of time and motion study, he planned production on the basis of measured quantities, designed wage incentive schemes, and tackled the thorny problems of organizing complex manufacturing activities. Later Frank & Lillian Gilbert and Henry L. Gantt contributed to production management methods.

Henry Fayol extended Taylors concepts beyond the field of production. Fayol worked as a mining Engineer and contributed to management with his findings for improvement of his industry. He classified the activities of the company into technical, commercial, financial, security, accouting and Managerial activities. Each activity was to perform certain functions. The managerial functions were classified into planning, organising, staffing, directing, controlling and coordinating functions. He further advocated certain principles for the management of the company, Division of work, delegation of authority and responsibility, discipline in the organization, unity of command, unity of direction, subordination of individual interest to organizational interest, fair remuneration of personnel, job security, equity, and opportunities to use initiative were some of the principles Fayol advocated for the industry. His contribution has now become universally applicable to all social organizations.

Mary Parker Follett applied from Pschychology principles that have affected the nature of management in industries. Individual and organizational development according to her depends on five basic variables, conflict resolution, authority structure, decision making processes, leadership styles and coordination of activities in the organization.

Frank Gilbreth improved on the concepts of time and motion study and advocated career plans for individuals in the organization. The best person should be attracted for a given position, the organization must be able to hold the person and develop a master plan for promotion as part of manpower planning.

Chester Bernard's contributions were primarily related to the role and functions of the Chief Executive particularly in the communications functions. To get work done he defined the communications process of the executive. The elements are, the recipient can and does understand what the sender wants to communicate; communication should not be inconsistent with the policies and purposes of the organisation; the executive must believe in what he wants to

communicate; communication depends on how far the executive can understand each persons needs, goals, resources and limitations; the executive must develop a good feed back system; and the executive must believe that employees will eventually internalise the messages.

Edward K. Strong, Abraham Maslow, Niel Miller, Fredrick Herzberg and John Dollard were Psychologists who have contributed to management theory. The more well known theory is that of Maslow, the theory of hierarchy of needs. Maslow classified human needs into physiological, safety, love and belongingness, self esteem and self actualisation. These needs of the individual strongly affect their performance in the organization and their inter relationship with each other. These concepts have directly influenced methods of job specification, job content, job rotation and job enrichment. Douglas Mcgregor in his book, The Professional Manager contributed to the theory of leadership. Mcgregor classified leadership styles into the 'X' and 'Y' types. The 'X' type leader considers that human beings are not hard working, can't make decisions, are non cooperative, and thus the manager tries to be very strict, punishes workers, takes decisions himself and have close supervision over subordinates. The 'Y' type of leader assumes that men are basically hard working, like to accept responsibility, want to take decisions and are creative. The manager accordingly provides challenging work situations, provides opportunities for responsibility and participation, has an open system and leaves the control functions to the employees. This theory has been refined over time into two basic leadership styles, task oriented and relations oriented styles which have been classified into five management styles. The situational theory advocates the use of the appropriate management style for the situation prevailing in the organization at any point of time.

Prof. P.M.S. Balachett in 1940 introduced the basic concepts of operations research for decision making. It was first applied in defence. Although it was concerned at first with technical problems it quickly became embedded with what was essentially management problems.

Management theory continues to grow and with the advent of computers, some of the concepts that were only theoritical have now been put into practice. Tools for decision making has become practical with better information systems.

V

In the commercial and manufacturing sectors of our country, management has made a fair headway. During the last two decades, formal training has equipped personnel in this sector with contemporary management skills. This has resulted in improved performance of some of the commercial and manufacturing undertakings. However, even in industry, the progress has been confined only to the modern sector of business and industry. Small scale industry as

well as traditional industries have yet to benefit from modern management so also in health, energy, transport, education and other vital sectors.

How can we introduce management and management skills in the health sector?

In the health sector, voluntary organisations, government - both state and central, private nursing homes and hospitals and individual practitioners are involved in the promotion of health in the society. Every individual working in these institutions has a specific job and role to perform in fulfilling their organisational objectives. Every job accordingly contains specialisation component and a group component. The proportion between the specialisation and the group component in a given mix will vary from job to job, level to level and industry to industry. Also the specialisation component decreases as the level in the hierarchy increases, and the group component increases correspondingly. The specialisation component on the job calls for specialised skill. The efficiency of the group depends on the group skills and management skills of individuals.

Specialisation are of various kinds and categories :

a) Examples of science specialisations
   Physical and natural sciences, atomic sciences, space sciences.
b) Typical technological and engineering specialisations:
   Civil, tele-communication, metelergical engineering.
c) Technical specialisation :
   Law, medicine, education, research.
d) Sectoral specialisation :
   Purchasing, selling, accounting, recruitment.

In most cases specialisation will be a mix of the above kinds.

In the initial stages of ones career, often individual performance is as important as group activity. In this case, most jobs contain a great deal of specialisation, which obviously, need specialised knowledge and skills. For improved group effectiveness, it is necessary that members of the group should understand each other, learn to adjust and adopt themselves to each others requirements: functional, professional and personal integrate one anothers activity into the total organisational functions and communicate with each other purposively and effectively. At this stage, the need for specialised knowledge is greater, but in later stages, group skills will gradually have to supervene. Atrributes and skills which form the counterpart of these job requirements can be termed necessary for group effectiveness. When different specialisations are involved in the work of a group addressing itself to a specific task, the work has to be assigned and parcelled out to different specialists at different levels. There are a number of organisational principles which will

have a bearing on the effectiveness of these groups.

Whenever a group is given a task to perform, one person has of necessity to be entrusted with the responsibility of directing and controlling the work of others both as individuals and as a group. He can be termed a manager. This person, who directs and controls others, has a management component in his job, besides the specialisation component.

Manager

To fit the management component in job requirements, one needs managerial skills.

Managerial skills can be divided into three parts,

a) Systems and technique skills
b) Human relations skills and
c) Conceptual skills.

Systems and technique skills help,

a) in the evaluation of operational and economic consequences of various courses of action in particular situations, any two courses of possible action being relevant to each other as alternatives.

b) in the assessment of the technical and operational feasibility of different proposals.

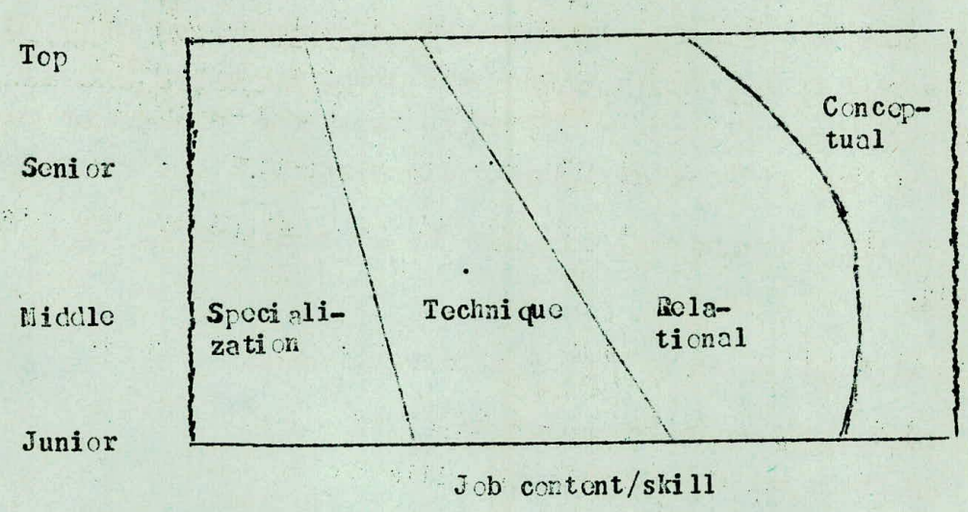
c) in the reduction of waste through methods improvement and planning.
d) in the reduction of cost through increased utilization of capacity and productivity.

e) improve allocation of resources for optimum efficiency.
f) control factors that have a bearing on costs and time schedules etc.
g) co-ordination of numerous activities and functions etc.

Human relations skills provide an understanding of human beings and their behaviour, and help the functionary to get the best out of people in given situations. Specific skills associated with human relations skills are : communication, motivation, leadership, counselling etc.

Conceptual skills is the ability to understand the system as a whole - in terms of its component parts, the interrelatedness of component parts, the impact of one part on the rest of the parts, the impact of action directed on one part on the whole system, the consequences of present action for the future, etc. It also includes perspective skills, which calls for a great deal of maturity and judgement. Perspective skill is also problem solving, diagnostic and analytical skills. Decision making is the ultimate state of the conceptual skill.

Schematic diagram of the relation between skill and levels in the organisation



VII Today, I have tried to talk to you on three broad areas :

a) The role and relevence of management in general and the health sector in particular.

b) The contribution to modern management from different disciplines of science, arts and technology.

c) The potential for developing the necessary managerial skills for greater efficiency and effectiveness in your functions as managers of hospitals and health institutions. Managerial skills can be acquired through on the job or preparatory project training and through formal class room instruction.

My aim for today was to stimulate your interest in the persuit of managerial skills. This I believe will be an investment to the institutions you wish to serve and the improvement of health in the country.

"Management is practice"

"Managment is Practice"

M 2.5

L. 4

JOB: MEANING, STRUCTURE AND ANALYSIS

There is a confusion in the minds of many as to what constitutes a job. This is due to lack of clear understanding of the meaning of the term 'job'. For some, job means a 'position' and for others it means 'work' or 'occupation'. To accomplish its goals, an enterprise or institution must organise its work into a number of jobs, each with specific duties and responsibilities. These jobs, to be performed, must be assigned to the members of the organisation. Thus, the two essential tools of an organisation used to achieve its goals are the jobs and the positions. With this background, we will be able to distinguish and identify ''job ''' from other related terms. A successful personnel manager will have a clear understanding of the terminology involved in job analysis. A task is a distinct work activity carried out for a distinct purpose[1]. A person has to perform a number of tasks while occupying a position. For example, a salesman in a shoe store has to dust the merchandise (a task) display the merchandise (a task), and deal with the customer (a task).

Job Meaning

A position is made up of a number of tasks and occupied by an individual at a given time. A position is an aggregation of duties, tasks and responsibilities that require the services of an employees[2]. For example, Personnel Manager is a position occupied by one individual in an organisation. In an organisation:

No.of positions = No.of employees.

A job consists of a number of positions similar in nature. The Bureau of Employment Security defines a job as a group of positions which are identical with respect to their major tasks, duties and responsibilities[3]. According to Davies[4], the content of a job comprises the following:

1. Work Content: The assigned series of tasks which arise from the requirements of the technical process or the equipment used or traditionally established needs.
2. Methods content: The specification of the ways in which the work activities are to be performed, including tools, equipment and location. It is often referred to as methods design.
3. Organisation Content: The organisational setting in which the assigned tasks are to be carried out, for example, the location of the job in a group hierarchical relations, and so on.
4. Personal Content: The factors in the job that affect personal behaviour, growth, motivations etc.

While only one person is assigned to a position, more than one employee may be required to perform a job if the work load of that job is heavy. For example, in a sales house, we may see more than a salesman performing similar duties and responsibilities, though each of whom will occupy a separate position. The role an individual plays in an organisation is determined by the job to which he is assigned.

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1. John B. Miner, Personnel and Industrial Relations, The MacMillan Company, New York, 1969, p.158.
2. Bureau of Employment Security, (U.S.A.), Training and Reference Manual for Job Analysis, Government Printing Office, Washington, 1965, p.7.
3. Ibid.
4. Louis E. Davies, "Job Design and Productivity: A New Approach," Personnel, Vol.33, March, 1957, p.430.

An occupation consists of a number of jobs. The term involves the very nature of the activities being performed, their level in an organisation, the importance of the results, and the skills, aptitudes, abilities, knowledge, education and training necessary for their performance[5].

The term 'job' and 'work' are viewed as synonymous and used interchangeably. When they talk about a person who holds a job in a company, some people have the habit of saying 'he goes to work'. A job involves work. Work is the activity in which a person exerts his physical and mental strength in order to do something useful for some form of gain, usually pay[6]. On the other hand, a job is made up of duties and responsibilities. In carrying out these duties and responsibilities an individual exerts his physical and mental work. Certain jobs involve more of a physical work (Ex.laborer) than mental work. Jobs such as clerical and administrative type involve more of a mental work than physical work. The degree of physical work varies according to the job. For instance, most of the unskilled jobs (common laboring work) involve heavy physical work such as carrying heavy loads and supplies, digging holes, and so on . Often the amount of physical effort involved in a job is used as a measure to distinguish between white-collar jobs (administrative, professional, executive, clerical and staff) and blue-collar jobs (unskilled, semi-skilled and skilled).

In whatever line or field the work is performed individuals assign various values to 'work'. For some, work has a great monetary value because it is used as a powerful tool in fulfilling most of their basic needs. The people whose physical needs (Maslow's need hierarchy) have not been completely fulfilled, attach greater importance to the monetary value of work. There are some who consider work as a source of psychological satisfaction. Such people, if they don't work, feel lazy and experience boredom and mental fatigue. Most of the Western countries, founded on Weber's 'Protestant Ethic of Work' find spiritual value in work. According to this value, a man who works hard will never be in want, whereas one who is lazy in everything, even if he is rich, becomes poor. Perseverance and resourcefulness are necessary for success in life. As Weber[7] saw it, before the Protestant Reformation, the ideal of the businessman was to conduct his business in a traditional way, do the traditional amount of work, and make the traditional rate of profit. The idea that he should increase his rate of profit by adopting radically new methods or by clever competition would have appeared immoral to him.

In some societies work is regarded as simply a means to an end. This is true in many under-developed and developing countries. The Hindu society places high value on luck and fate as elements of success. An average Hindu does not stress individual progress or success. He accepts unquestionably whatever his position in life may be. If he is poor, he believes that poverty is God-given and he accepts poverty as his lot in life. Similarly all other positions in life enjoyed or suffered by an individual are accepted as they are, and he feels that any effort made to change this position in life is futile. Thus, this attitude puts restrictions on hard work. The attitude of Mexicans towards work is that it is a means one utilises simply to provide the funds necessary for achieving a desired level of living. Megginson classified the various views of work into two ways:

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5. Leon C. Megginson, Personnel - A Behavioural Approach to Administration. Richard D. Irwin, Inc., Homewood, III., 1972, p.565.
6. Ibid.
7. Max Weber, The Protestant Ethic and the Spirit of Capitalism, translated by Tolcott Parsons, George Allen, & Unwin, Ltd., London, 1930.

First, it is considered to have intrinsic value; thus, through its performance men receive pleasure and asense of self-fulfilment. Second, according to the extrinsic concept, work is not satisfaction-yielding within itself, but it is a means of obtaining satisfaction elsewhere. Thus work is considered painful[8].

Of course no one can deny that the concept of work is changing. The under-developed and developing countries have began to place more and more value on hard work. They realise that it is the only way to achieve economic growth and progress. On the other hand, in well-developed countries, people seek leisure to get away from the pressure of work by advocating three-day or four-day work weeks. To make people to get involved in their jobs, many authorities in the field of organisation behaviour advocate for restructuring or redesigning jobs.

Job design

Job design means specification of the contents, methods and relationships of jobs in order to satisfy technological and organisation requirements as well as the social and personal requirements of the job holder[9].

The Bureau of Employment Security defines job design as the process of specifying the content of a job (work, methods, organisational and personal content) in terms of a job definition or a job description[10]. A poorly designed job may cause number of problems, such as, low productivity, high turnover, poor morale, accidents and so on. It is the responsibility of a personnel manager to see that the jobs in his organisation contain the necessary contents for achieving employee productivity and employee satisfaction. He must up-date or redesign the jobs according to the environmental changes, whether technological, sociological, psychological or economical. While some theorists advocate the job simplification concept, others recommend the job enlargement concept in designing jobs.

Job Simplification. Adam Smith[11] recommended two concepts to achieve economic growth and increase the wealth of Nations. These two concepts are the division of labour and job specialisation. According to Smith, by dividing the work of the entire labour into smaller segments, the job of each employee would involve the performance of fewer and fewer operations. Since the worker would be repeating the same simple operations day by day, eventually he would become a specialist in his job. In other words, Adam Smith was advocating for job simplification, a job with fewer duties and responsibilities. The same concept was emphasised by Taylor and Gilbreths in their Time and Motion studies. The purpose of these studies was to eliminate the unnecessary motions involved in performing a job and thus to simplify it, increasing efficiency. Most of the mass-production industries find this concept very useful

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8. Leon C. Megginson, Op.Cit., p.566.

9. Louis E. Davies, "The Design of Jobs", Industrial Relations, Vol.5, October, 1966, p.21.

10. Bureau of Employment Security, (U.S.A.), Training and Reference Manual for Job Analysis, p.7.

11. Adam Smith, The Wealth of Nations, G. Bell & Sons, London, 1901.

Job Enlargement is another concept considered in designing jobs. It is the process of allowing individual workers to determine their own working pace (within limits), to serve as their own inspectors by giving them responsibility for quality control, to repair their own mistakes, to be responsible for their own machine set up and repair, and to attain choice of method[12]. The purpose of job enlargement is to offer challenge, interest and meaning to the worker who performs a job. This purpose is achieved by expanding the dimensions of a job horizontally vertifically.

When duties and responsibilities of a similar nature are added to a job, it is known as horizontal enlargement. For example, if the assembly of a part or a product, or a process involved three or four operations, the employee can be trained in these operations so that he can be rotated on each of these processes or operations. Another method by which job enlargement achieved is by vertical enlargement. Under this method, additional duties and responsibilities are added to the jobs. For instance, besides assigning an employee with the duties and responsibilities of making a product, also giving him the responsibility to check the quality, and inspect his own work. The advantage of job enlargement is that it breaks the monotony result from repetitive task. It makes the job more challenging and interesting. When an employee gains knowledge in making a complete product rather than a part of it, he finds more meaning in the job and realises his contribution. Under the traditional repetitive task method he is unable to perceive his role. In their well-known study, 'The Man on the Asembly Line'[13], Walker and Guest found that most of the workers they interviewed regarded the assembly line job as undesirable because of its repetitive character. From their study, the authors concluded that the more variety a job has, the more interesting it is to the worker. Krech and Crutchfield[14] contend that repetition required by assembly line production imposes too much discipline on the worker, thus giving rise to tensions. Some studies have shown that job satisfaction is higher in enlarged jobs while repetitive tasks cause boredom and dissatisfaction. Job satisfaction is another concept which is closely related to job design.

Job Satisfaction. In many developed countries most of the people have surpassed their physiological needs and are moving toward higher level needs of Maslow's need hierarchy. The importance they attribute to money is not the same as they once did. Their goal has been shifted from money to the job. A man's relationship to his job has changed. He is motivated to perform his job better by the satisfaction he derives from job. Job satisfaction does not result merely from the job. There are certain factors which influence the view an employee takes of his job. These factors include the individual vocational choice; selection and placement on the job; the physical environment of the job; the extent of the knowledge of the purpose of the job; the size and layout of the work area; the type of work performed; the length of uninterrupted toil required to perform the job; the extent of the knowledge of what is going on around the worker, including the "grapevine", formal communications systems, and informal groups; the

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12. Charles L. Hulin and Milton R.Blood, "Job Enlargement, Individual Differences, and Worker Responses," Psychological Bulletin, Vol.69, January 1968, pp.41-42.

13. C.R.Walker and R.H.Guest, The Man on the Asembly Line, Harvard University Press, Cambridge, Mass., 1952, pp.38-65.

14. D.Krech and R.S.Crutchfield, Theory and Problems of Social Psychology, McGraw-Hil Book Co., Inc., New York, 1948, pp.539-450.

personal and social relationships of employees; and the employees' fears and anxieties[15]. The two-factor theory formulated by Herzberg[16] states achievement, recognition of task work itself, responsibility, and advancement as the factors of job satisfaction. Study of individual needs through attitude survey may be a method of determining the conditions that provide satisfaction to workers. Many business organisations utilise standardised questionnaires for assessing employee satisfaction. The findings of some studies (Vroom[17]) reveal a negative correlation between job satisfaction and turnover or absenteeism. In other words an employee with high job satisfaction is less likely to quit the job or to be absent frequently. While Vroom[18] held the view that there is no positive correlation between job performance and job satisfaction, Porter and Lawler[19] concluded that job performance leads to job satisfaction. This view of Porter and Lawler is also supported by Slocum[20] who has reviewed several studies in this field, besides conducting his own study.

Certain conclusions can be drawn from these and other studies conducted on job satisfaction. A job must be meaningful in order that the performer of that job may experience satisfaction. In designing or redesigning jobs, a personnel manager must take this factor into consideration. He must be careful and analytical in using techniques and r hods to induce or to increase satisfaction in his workers. In other words, he cannot simply transplant the methods used in other companies or commercially available ones. He has to study the needs and wants of his work force scientifically in order to apply any method. A careful analysis of jobs, the next topic of consideration, would be of great help in redesigning jobs.

Job Analysis

In the early 1900's job study was job analysis. The Taylor group used the Time study approach and the Gilbreths, the Motion study approach to study the jobs. Around World War I, job analysis was viewed as the process of establishing the component elements of a job and ascertaining the human qualifications necessary for its successful performance. This view appears to be the combination of time and motion study approach. Later in 1927, Charles R. Mann of the American Council of Education said, "To me job analysis is a process, an approach to a situation; the job description or specification is the result of that process".[21]

In modern days job analysis is viewed as a systematic and scientific procedure for securing and reporting information about a specific job. The U.S.Department of Labour offers a good definition of job analysis:

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15. H.G.Maule, "Work: Pleasure or Penace?" Occupational Psychology, Vol.30, No.4, October, 1956, pp.232-241.

16. Frederick Herzberg, Bernard Mausner and Barbara B. Synderman, The Motivation to Work, John Wiley & Sons, Inc., New York, 1959.

17. V.H. Vroom, Work & Motivation, John Wiley & Sons, New York, 1964.

18. Ibid., Chapter 6.

19. Edward E. Lawler, and Lyman W. Porter, "The Effect of Performance on Job Satisfaction", Industrial Relations, Vol.7, No.4, Oct., 1970. pp.431-436.

20. John W. Slocum, "Performance and Satisfaction: An Analysis," Industrial Relations, Vol.9, No.4, Oct.1970, pp.433-436.

21. Charles W. Lytle, Job Evaluation methods. The Ronald Press Company, New York, 1946.

Job Analysis is the process of determining, by observation and study, reporting pertinent information relating to the nature of a specific job. It is the determination of the tasks that comprise the job and of the skills, knowledges, abilities, and responsibilities required of the worker for successful performance and which differentiate the job from all others[22].

In essence, job analysis involves collection of pertinent information about the job. This information is recorded in two different forms. One is called a job description and the other is job specification. There is some confusion between the two terms in some circles. As a result of this confusion, some use these two terms interchangeably. To avoid this type of confusion, let us define these two terms.

Job Description	Dealing With job
Job Title Duties and Responsibilities Tools, Equipment used Work Conditions Hazards Involved	Job Analysis
Job Specification	
Education Experience Specific Knowledge Requirement Personality Requirement Skill Requirement	Dealing with Applicant

Fig: Two Parts of Job Analysis

Job Description

It is a written statement of the tasks, duties, responsibilities, working conditions and behaviours required in a given job. The various elements of job description are:

Job Title. The exact location of the job within the organisation must be shown in job description to avoid any delay in locating a job.

Example: Secretary - Personnel Dept, Manager-Production Department, Supervisor-Sales Dept.

In large organisations, these locations must be specific:

Example: Supervisor - Dealer sales, Domestic Marketing Department.

Immediate Supervisor. The designation of the immediate supervisor will be useful for contact purposes.

Example: For Secretary-Personnel Manager. For Supervisor-District Manager.

Summary Statement of Job. A brief statement of the job would be of great use to give the reader a quick capsule explanation of the content of the job.

Example. Secretary: Job involves taking dietation, typing, maintaining and preparing records and correspondence.

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22. Department of Labor, United States Employment Service, Occupational Analysis and Industrial Services Division, Training and Referance Manual for Job Analysis, June 1944, p.1.

Duties of the Job. A detailed description of a job is an important aspect of job description. This will give a picture of what the job holder does and how he performs the tasks.

Equipment, Instruments, Machines and Tools Used. Materials, tools and instruments used in carrying out the tasks must be listed. Also machinery operated.

Example: Secretary: Typing copy machine, calculator, etc.

Working Conditions. Complete description of the physical working conditions must be shown in the job description. Some of the factors in the work environment areheat, light, noise and ventilation. Some descriptions include working hours and hazards involved in performing the job.

Job Specification

It is a written statement of personal qualifications that an individual must possess in order to perform the duties and responsibilities of a particular job. The various elements of job specification are:

Educational Requirement. Minimum formal education necessary to perform a particular job must be noted in the job specification.

Example: Supervisor: High school completion

Experience. Minimum experience required to perform the job.

Specific Knowledge Requirements. This includes specific knowledge that cannot be covered adequately by the education and experience requirement.

Example: Dealer sales supervisor: Knwoledge of dealer sales marketing and supervisory experience.

Skill Requirements. Manual skill required to perform a job. Certain types of job demand manual dexterity.

Personality Requirements. For certain jobs personality factors such as personal appearance, emotional stability maturity, initiative, drive and sociability are required.

Responsibility. The ability to assume responsibility is an essential qualification required of an applicant for certain higher level jobs. This responsibility may be supervision of others, safety of others, operation and maintenance of equipment, tools and so on.

Job Analysis

In the rural areas of the State of Punjab, India, the government has established primary health centres (PHCs) to provide both curative and preventive services to the population. Each PHC is theoretically serving 80,000 people. The facilities include the main PHC headquarters and six subcentres. The staffing pattern (simplified in this example) consists of the following:

Male Medical Officer (MO)	.. 1
Lady Medical Officer (LMO)	.. 1
Lady Health Visitor (LHV) (Supervisor of ANMs)	.. 2
Auxiliary Nurse Midwife (ANM)	.. 8
Health Inspector/Educator (HI) (Supervisor of MFWs)	.. 3
Male Field Workers (MFW)	..15
	30

The major areas of responsibility (functions) of the PHCs are care of ill persons, (ILLNESS CARE), Maternal and Child Health (MCH), Family Planning (FP), Malaria, Smallpox, TB Control and Environmental Sanitation (CDC + ENV).

In the following table the activities of the PHC staff are summarised. (For Each of the five main categories of staff the average time inminutes spent per day per worker performing the major functions of the PHC is shown).

Table 1

Minutes per day per worker

(Estimated & Rounded)

Function	Type of staff				
	ANM	LHV	MFW	HI	MO/LMO
Illness	100	90	10	20	250
MCH	90	90	-	10	40
FP	120	150	70	130	60
CDC+ENV	20	40	260	200	30
Total	330	370	340	360	380

1. Using the data in the above table and the PHC staffing pattern calculate the total time spent per day performing each function by all staff in each category and the total for all PHC staff and enter these values in the following table:

Table 2

Minimum per day per PHC

(Total of all staff)

Function	Type of Staff:					
	ANM	LHV	MFW	HI	MO|LMO	L
Illness						
MCH						
FP						
CDC+ENV						
Total						

2. Determine the column percentages in Table 2 for each staff category and all staff combined and the low percentage for each function and the total of the functions.

3. Describe the main difference between the five categories of staff in the above table and distribute their time. Which of the staff categories would you classify as having jobs with a limited number of areas of responsibility? Which category appears most multipurpose?

4. For each function identify the staff category contributing the least amount of time to that function.

5. Currently ANMs are trained primarily in midwifery in a hospital setting. What changes would you recommend for the ANMs curriculum and training program? Where should the training occur and who should be the trainers?

Optional

6. If the ANMs were taught to provide curative services, they would be able to handle upto 90 per cent of all patient care currently provided by the doctors. However, ANMs generally spend about twice the amount of time per patient as doctors spend. If the doctors delegated 80 per cent of their illness care time to ANMs, what per cent of the ANMs time would be left for preventive functions (MCH, FP, CDC and ENV?) (Assume ANMs would not increase their working hours). If it was important to keep the present balance of ANM's time between the different functions, how many additional ANMs would be required in order to take over 80 per cent of the doctors' illness care time? How much additional time would these ANMs then provide for the other functions? If only 20 per cent of the population is now covered by ANM services for these functions and increases in time spent is directly reflected in increases in coverage, what would the ANM coverage be for MCH, FP and CDC+ENV after adding the additional ANMs?

7. Select a specific health problem, develop a measurable service objective related to that problem, and then list the major primary health care functions that would be required to meet the objective. Next list several important tasks that are part of each of the functions you have identified. Finally for each task specify who would be required to perform it (the individual, their family or community; trained community health workers; health system workers with 1-2 years training; workers with over two years training; public health nurses, physicians, traditional practitioners, etc.)

B.R. M 2.6

Dynamic Personnel Management

- R.D.Agarwal

In an all-India Seminar on Personnel Management and Industrial Relations, held a few years ago and attended by a number of business executives and academicians, it emerged that personnel management is "objective administration of man in his work with the ultimate goal of economic advancement of the organisation". This obviously is a misconception. First, it is based on the assumptions of Theory X which emphasises a managerial strategy based on close supervision, external control, direction and financial incentive. It also smacks of the old master-servant relationships. Second, it assumes that the employees are a means to an end-the end being the economic advancement of the organisation. It thus denies that employees also have a variety of needs such as physiological, social and psychological needs which they seek to fulfil through the organisations. Such an approach is wholly inadequate to secure the loyalty and commitment of employees. Instead of integrating the individual with the organisation, it is likely to lead to his alienation. And last, though not the least in importance, it assumes that organisation have no other goal except the economic goal. It thus excludes the application of this concept of personnel management to non-business organisations. Moreover, it also seems to imply that business organisations have only one goal that is "economic advancement". This is obviously a misconception. Modern organisations have multiple goals like excellence in research and development, employee development, increase in market share, social responsibility, survival, growth, profitability, etc. The conclusion of the Seminar on the concept of personnel management is thus wholly inadequate and static.

Dynamic personnel management aims at obtaining and maintaining a capable and effective workforce, motivating the employees individually and in groups to contribute their optimum to the fulfilment of organisational goals while advancing toward their own individual and group goals, and integrating them with the organisation in such a manner that the employees and their groups feel a sense of involvement and commitment with the organisation. As defined by Thomas G. Spates, personnel administration is a code of ways of organising and treating individuals at work so that they will get the greatest possible realisation of their intrinsic abilities, thus attaining maximum efficiency for themselves and their group, and thereby giving to the enterprise of which they are a part its competitive advantage and its optimum results. In yet another definition, Spates says that sound personnel administration means so organising and treating people at work that they will effectively utilise their maximum individual capacities, thereby attaining maximum personnel and group satisfaction and rendering their maximum service to the enterprise of which they are part. In terms of these definitions, personnel management is development and administration of programmes, policies and procedures which aim at motivating the employees to work cooperatively and willingly in highly cohesive, harmonious and interacting teams, and contribute their optimum to the accomplishment of organisational goals while fulfilling their own physiological and psychological needs. It thus results into an integration of the individuals and groups (informal) with the organisation in such a manner that they feel themselves a part of the organisation and give their loyalty and commitment to the organisation in return for the recognition and satisfaction of their personal and group goals.

Objectives of Personnel Management

The objectives of personnel management are:

1. Effective utilisation of human resources in the achievement of organisational goals.

2. Establishment and maintenance of an adequate organisational structure and desirable working relationships among all members of the organisation.

3. Securing integration of the individual and informal groups with the organisation, and thereby, their commitment, involvement and loyalty.

4. Recognition and satisfaction of individual needs and group goals.

5. Provision of maximum opportunities for individual development and advancement.

6. Maintenance of high morale of human organisation.

7. Continuous strengthening and appreciation of human assets.

Functions of Personnel Management

Personnel management performs a number of functions for the achievement of the above objectives. Broadly speaking, the functions of personnel management fall in the following areas: (i) organisational planning and development, (ii) staffing, (iii) training and development, (iv) wage and salary administration, (v) motivation, (vi) employee services (vii) employee record, (viii) labour relations, and (ix) personnel research. These functions and their sub-functions have been shown in Figure I.

This is by no means an exhaustive list of personnel functions and sub-functions or a model thereof. These are the functions which are commonly regarded as personnel functions in advanced countries. It also takes note of the emerging personnel functions in the areas of organisational planning and development, and motivation. All these functions, their sub-functions and elements have been spelt out here in brief.

I. Organisational Planning and Development

Process of planning and developing an appropriate organisational structure which will ensure effective work performance, fruitful interpersonal relations and formation of homogeneous, cohesive and interacting informal groups.

1. Determining Organisational Needs. Process of determining organisational needs in terms of company's short and long-term objectives, technology of production, nature of product, external environment, public policy, etc.

2. Designing Organisational Structure. Process of planning, developing and designing an organisational structure which will permit the achievement of organisational goals.

3. Designing Interpersonal Relationships. Process of designing interpersonal relationships which will result into healthy and fruitful interpersonal relations, and formation of homogeneous, cohesive, and effectively interacting informal groups.

Figure I

Major Functions And Sub-functions of Personnel Management

Chief Personnel Executive

Organisational Planning and Development	Staffing	Training and Development	Wage and salary Admn.	Motivation	Employee services	Employee Records	Labour Relations	Personal Research
Determining Organisational Needs	Manpower planning	Operative training	Job evaluation	Non-financial incentives	Safety	Collection of data	Grievance handling	Surveys
Planning and designing organisational structure	Recruitment	Executive development	Wage & salary admn.	Satisfaction of social and psychological needs	Counselling	Analysis of data	Discipline	Data Collection
Designing interpersonal relationships	Selection		Incentive compensation		Medical	Developing information for decisions	Implementing labour laws	Evaluation of personnel programmes
	Placement		Performance appraisal		Recreation		Collective bargaining	Identification of need and areas of change
	Induction and orientation				Leave, pension, provident fund & gratuity			Development of more appropriate programmes and policies
	Transfer							
	Promotion							
	Separation							

2. **Staffing.** Process of obtaining and maintaining capable and competent personnel to fill all positions from top management to operative level.

I. Manpower Planning. Process of analysing company needs of personnel now and in future in view of its short and long-term objectives.

a. analyse company manpower requirements in terms of short and long term goals.

b. prepare an inventory of management and other personnel.

c. calculate and forecast turnover.

d. prepare a schedule of manpower needs over a reasonable period of time.

e. develop job descriptions and job specifications.

2. Recruitment. Process and attracting qualified and competent personnel.

a. identify existing sources of applicants.

b. develop new sources of applicants

c. attract potential applicants in sufficient numbers to permit good selection.

3. Selection. Process of developing selection policies and procedures, and evaluating potential employees in terms of job specifications.

a. develop application blanks.

b. develop valid and reliable testing techniques

c. develop interviewing techniques

d. develop employee referral system.

e. develop medical examination policy and procedure.

f. evaluate and select personnel in terms ofjob specifications.

g. make final recommendations to line management.

h. send rejection and appointment letters.

4. Placement. Process of placing the employee on the job for which he is most suitable in terms of job requirements, his qualifications and personality needs.

a. advise line management on placement.

b. conduct follow-up study to determine employee adjustment with the job.

5. Induction and Orientation. Process of initiating the employee in the organisation and on the job.

a. acquaint the employee with the company personality, philosophy, objectives, policies, career development opportunities, product, market standing and social and community standing.

b. familiarise the employee with the people with whom he is to interact as peers, superiors, and subordinates.

6. Transfer. Process of placing employees where they can be utilised more effectively consistent with their social and psychological needs.

a. develop transfer policies and procedures.

b. counselling employees and line management on transfers.

c. evaluate transfer policies and procedures.

7. Promotion. Process of advancing employees to higher positions keeping in view their capabilities, job requirements and personality needs.

   a. develop equitable, fair and consistent promotion policies and procedures.

   b. advise line managers and employees on matters relating to promotion.

   c. oversee the implementation of promotion policies and procedures.

8. Separation. Process of severing relations with employees in a congenial manner.

   a. conduct exit interviews

   b. analyse employee turnover

   c. advise line management on causes of turnover.

3. Training and Executive Development. Process of training and developing employees so as to develop their full potential for optimum efficiency in effective job performance.

   1. Operative Training. Process of imparting requisite job skills to operatives.

      a. identify training needs of the company.

      b. develop suitable training programmes.

      c. identify operatives who need training and who have the aptitude and motivation to go through the training programme.

      d. help and advise line management in the conduct of training programmes.

      e. evaluate the effectiveness of training programmes.

   2. Executive Development. Process of designing suitable executive development programmes.

      a. identify the areas in which executive development is needed.

      b. develop programmes of executive development.

      c. motivate the executives to develop.

      d. design special development programmes for promotables.

      e. conduct executive development programmes, enlist the services of specialists, or/and utilise the institutional executive development programmes.

      f. evaluate the effectiveness of executive development programmes.

4. Wage and Salary Administration. Process of compensating employees adequately, equitably and fairly.

   1. Job Evaluation. Process of determining relative worth of jobs.

      a. select suitable job evaluation techniques.

      b. classify jobs in various categories

      c. determine relative value of jobs in various categories.

2. Wage and Salary Programme. Process of developing and operating a suitable wage and salary programme.

   a. conduct wage and salary surveys

   b. determine wage and salary rates

   c. operate wage and salary programme

   d. evaluate its effectiveness.

3. Incentive Compensation. Process of developing, administering and reviewing a system of financial incentives in addition to regular wage payment so as to encourage a higher level of efficiency.

   a. develop an incentive payment system

   b. advise line management on its operation

   c. review it periodically to evaluate its effectiveness

4. Performance Appraisal. Process of evaluating employee performance in terms of pre-determined criteria so as to enable objective administration of the system of rewards and punishment, and identification of promotables.

   a. develop performance appraisal policies, techniques and procedures.

   b. overview consistent use of performance appraisal programme.

   c. assist line management in conducting performance appraisal.

   d. review performance appraisal reports, consolidate and report on them.

   e. evaluate the effectiveness of performance appraisal programme.

5. **Motivation.** Process of motivating employees so as to secure their integration with the organisation and attain the optimum level of efficiency and effectiveness toward the achievement of organisational goals.

   1. Non-financial Incentives. Process of motivating employees by creating conditions so as to permit the satisfaction of their social and psychological needs.

      a. develop policies and programmes which will permit the employee to attain the satisfaction of their social and psychological needs while at work. This may include reorganising the socio-technical system, restructuring organisational relationships, reorganisation of work, restructuring communication system, pushing down decision levels, etc.

      b. advise and guide the line management in the execution of these policies and programmes.

      c. conduct morale and attitude surveys.

      d. diagnose the health of human organisation.

      e. advise line management on the need, areas and ways and means of improving the morale of human organisation.

6. **Employee Services.** Process of maintaining a healthy and effective human organisation.

   1. Safety. Process of ensuring physical safety of employees at work.

      a. develop techniques, policies and procedures for safety.

      b. advise and guide line management in implementation and operation of safety programme.

8. Labour Relations. Process of maintaining healthy and peaceful union-management relations:

   1. Grievance Handling. Process of redressing grievances

      a. design grievance procedure and machinery.

      b. evaluate the effectiveness of grievance procedure and machinery.

      c. analyse the nature of grievances.

      d. identify areas of dissatisfaction and use them as guide in policy making.

      e. advise management on the areas of dissatisfaction.

   2. Discipline. Process of developing policies, rules and procedures relating to employees' conduct and behaviour and ensure their observance.

      a. develop policies, rules and procedures for maintaining discipline.

      b. develop a system of reward and punishment to reward the observance and punish the violation of discipline.

      c. analyse the nature and causes of indiscipline.

      d. advise line management.

   3. Compliance with Labour Laws. Process of observance and compliance with labour laws.

      a. acquire knowledge of labour laws applicable to the company.

      b. acquaint line management with relevant labour laws and help them in their compliance.

      c. overview compliance.

   4. Collective Bargaining. Process of negotiating and entering into agreement with labour union on wages, working conditions, employment relationships etc.

      a. identify areas of disagreement between management and labour.

      b. identify areas of collective bargaining.

      c. collect data and information inside and outside the company.

      d. negotiate or help line management in negotiations.

      e. interpret and administer the agreement.

9. Personal Research. Process of evaluating the effectiveness of personnel programmes, policies and procedures and developing more appropriate ones.

   1. conduct morale and attitude surveys.

   2. Collect data relating to productivity, quality, wages, grievances, absenteeism, turnover, strikes, accidents and other indices of operational effectiveness of personnel programmes, policies and procedures.

   3. Report to line management on findings.

   4. Advise line management on the need, areas and directions of change.

   5. Develop more appropriate personnel programmes, policies and procedures.

c. train first line supervisors and workers in safe practices.

d. overview the observance of safety programme.

e. investigate accidents and collect statistics.

f. evaluate the effectiveness of safety programme.

2. Employee Counselling. Process of counselling and helping the employees in solving their work and non-work problems.

a. motivate employees to seek counsel in the solution of their work and non-work problems.

b. provide counsel and help.

c. advise line management on the general nature of problems facing the employees.

3. Medical Services. Process of providing medical and health services to employees.

a. conduct periodical medical check-ups.

b. advise employees on hygienic and preventive measures.

c. render curative and preventive medical assistance and facilities.

d. advise line management on employees' health.

4. Recreation, Canteen and other Welfare Programmes. Process of providing recreational, canteen, educational and other facilities so as to make company employment attractive.

a. develop suitable policies, programmes and facilities.

b. administer the programmes and facilities.

c. evaluate its effectiveness and diagnose employee needs in this area.

5. Leave, Provident Fund, Pension and Gratuity Programmes. Process of providing these facilities so as to reduce turnover and make company employment more attractive.

a. develop leave, provident fund, gratuity and pension policies, programmes, rules and procedures.

b. administer these programmes.

c. evaluate, the effectiveness of these programmes.

7. Employee Record. Process of maintaining up-to-date and complete employee records.

I. Process of collecting information relating to personnel qualifications, special aptitude, results of employment testing, job performance, leave, promotions, rewards, punishments etc.

2. Process of analysing employee records for preparing employee and talent inventory.

3. Process of developing information, needed for decision relating to employee transfer, promotion, leave, merit, increases etc.

As indicated, earlier, these personnel functions are not universal or found in all organisations in all countries. Which of these functions are performed by staff personnel management in a particular organisation, very much depends on its size and location, its philosophy, its long and short term objectives, nature of industry and product, market conditions, state of competition, and, above all, its social, economic, cultural, political and legal environments. For example, in a small company, most of these personnel functions may be performed by line management without needing the assistance of a specialised personnel department. In a non-union company, many of the labour relations functions like collective bargaining, administration of labour contract, etc. become superfluous. The nature of staffing and training functions in a research or service organisation will be different from those in a manufacturing organisation. In many organisations including a large part of our sugar, jute and cotton textilesindustries, staff personnel function is not considered vital for the accomplishment of organisational goals and is confined mainly to labour welfare activities. In many other organisations like Union Carbide, I.B.M., D.C.M., Fertiliser Corporation of India, Tata Iron and Steel Company, etc., it is an integral part of the organisation and most of the above functions are assigned to personnel management.

Nature of Personnel Function

Personnel function is integral to the whole organisation. Since all decisions in an organisation are made by human beings and are put into operation by human beings, they are affected by all these decisions one way or the other. Thus all decisions, whether they relate to marketing, financing, production, research and development or quality control aspect or organisational activity, have a human aspect, and, therefore, a personnel aspect. Personnel function is thus all pervasive, transcends all other managerial functions and is ubiquitous. In this sense, every manager is unavoidably a personnel manager. The staff personnel executive is there to assist, advise, counsel and guide the line executive in the performance of this delicate and complex personnel function. He is responsible for aiding and assisting the line management in the "preparation, adopting and continuing evaluation of a programme of personnel administration expressed in terms of definite company written policies. The personnel dept. is a specialised department at the executive level whose function is to encourage, advise and assist line management executives to adopt point of view, develop policies and methods, and apply skills which will release the productive energies of all supervisors and employees. The staff-line responsibilities in personnel administration have been delineated as below:

Line management has the responsibility and is held responsible for good personnel administration... The supervisor is the one who actually administers the most essential and important phases of company's personnel relations program... By supervisor we mean every member of management who assigns work to others, who achieves results through the support, cooperation and effort of others...

Staff management advises and assists line management in fulfilment of the latter's obligation. Staff management, therefore, is only responsible for the reliability of the service, advice and assistance it gives to line management.

Role of Top Management

Since the personnel executive is a staff officer and acts only in an advisory capacity, he has no authority or right to command over other executives who implement personnel policies and procedures in work-a-day situations. Even in the formulation of personnel policies, he only develops personnel policies in consultation with line executives. These policies become enforceable only when approved by the top executive or his delegates. His success, therefore, depends not only on his expertise, competence and interpersonal skills, but also, to a significant extent, on the support that he gets from the top executive. First, the top executive should recognise himself and emphasise on others that personnel function is an integral part of all other functions, and while every executive is unavoidably his own personnel executive, he should make full use of the expertise of personnel specialists. It may, however, be emphasised here that given the support of the top executive, the success of personnel executive will significantly depend not only on his expertise but also on his ability to inspire confidence of line executives in himself as well as in his expertise and to motivate them to seek his advice, counsel, guidance and assistance. Second, it should be recognised that personnel management, which aims at optimizing the effectiveness and efficiency of human resources, is capable of contributing at least as much or even more to the accomplishment of organisational goals as any other managerial function. Third, in order to enable the staff executive to discharge his advisory function effectively, he should be given appropriate status in organisational hierarchy. As recommended by Hannon, the chief personnel executive should report directly to the top executive of the organisation. In case of multi-plant companies, plant personnel manager should report to the plant manager with functional responsibility to the chief personnel executive.

Conclusion

Personnel management is a dynamic function which aims at optimising the effectiveness of human resources of the organisation. In doing so it lays as much emphasis on individual and group goals as on organisational goals and seeks to weld them together by integrating the individual with the organisation. Proper functions of personnel management lie in the areas of organisational planning and development, staffing, training, wage and salary administration, motivation, employee services, employee records, labour relations and personnel research. These personnel functions are performed at the operational level by line management. The personnel executive is a staff officer who advises, guides, counsels and assists line management in the performance of these personnel functions. The personnel executive can perform his staff functions effectively only if he and the personnel programme have the support of top management, personnel function is recognised as an essential function capable of contributing significantly to the accomplishment of organisational goals, and he possesses the needed expertise, and can inspire the confidence of line management in himself as well as in his expertise.

Agarwal, R.D. (Ed), Dynamics of Personnel Management in India - A book of readings ., Tata Mcgraw Hill, Pub.Co.Ltd., Bombay, 1973.

Investment Approach to Manpower Planning

(S.K. Warriar)*

In setting up industrial enterprises, we devote considerable amount of time, effort and money to technical faction like Project Studies, location, layout, material handling systems, design of plant, machinery and equipment but very little attention is bestowed on the manpower to operate, supervise and manage the plants. We seldom realise that 'of all economic resources, high-talented manpower takes the longest to develop; yet most companies are doing little or nothing about this'. We do not generally give sufficient attention to manpower planning (and career development - from the individual viewpoint) which is the real source of present and potential productivity. Of all the input factors going into the process of production, manpower is the most important basic resource, as other inputs like machinery, material and money are secondary resources produced by man. While considering problems of investment, this most valuable resource is given the last or no place in most enterprise. Later when we find that the huge investments in big industrial enterprises are not bringing forth the expected results in terms of efficiencies of operation, utilisation of plant and machinery etc., it becomes too late for any corrective action. This has proved true of many of our big public sector projects. It is high time that we realise that in the planning of an industrial enterprises the human resource needs the most careful consideration that manpower planning is the most important part of resources planning and act accordingly. The time, effort and money we spend on this will be more than repaid in terms of real results later.

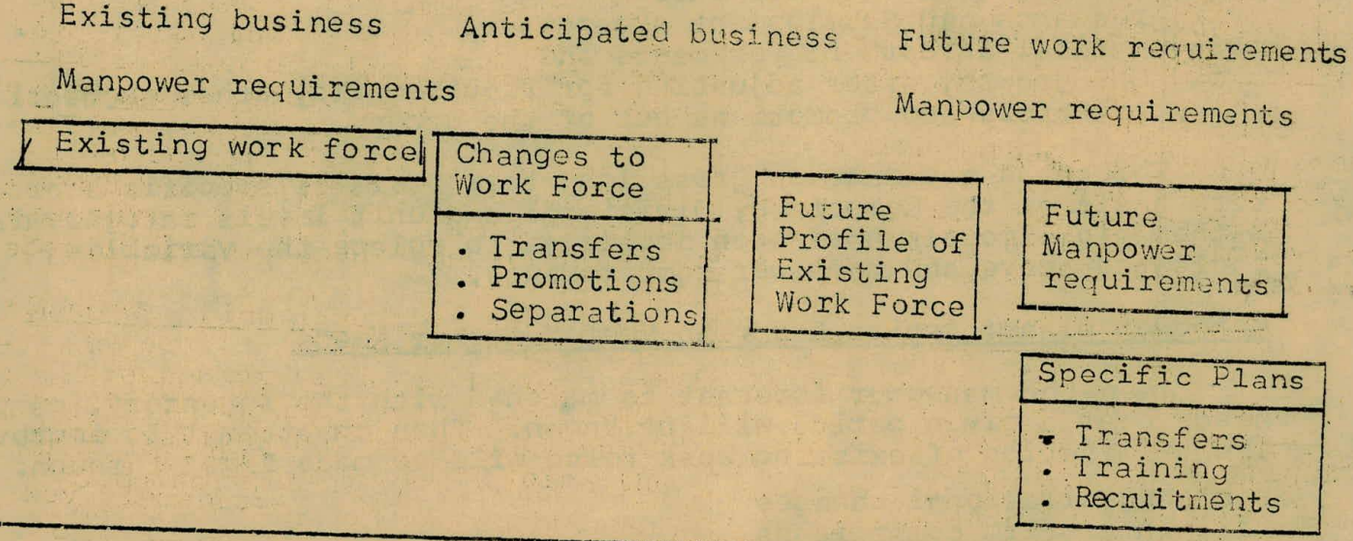
Manpower Planning Process:

Manpower Planning is the process of determining future manpower requirements and developing action plan to meet them so that the organisations have the right numbers and kinds of people in the right places at the right time doing the right things. It includes three key elements:-

Manpower Inventory describing the present work force in quantitative and qualitative terms.

Manpower forecasts, i.e., forecasts of manpower required at special times in the future described in numbers category wise with specifications about education levels, skills, experiences etc.

Manpower Plans: Specific action plans for bridging the gap between the forecast and the inventory. The process can be schematically represented as follows.



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Manpower Inventory: Assessment of Available Resources

Essential to systematic manpower planning is an upto date system of classifying and locating personnel within an organisation giving information on each employees profile, containing:

(i) education, age, experience (including previous employment history), position title, salary;

(ii) appraisals of past performance, evaluation of potential for promotion, career goals, significant achievements.

This information regarding each employee is usually kept in a personal folder and updated by requiring each employee to submit periodically a form indicating changes of particulars which are entered in the basic records. Some companies also have manpower replacement charts as a basis for developing manpower plans, such as the following:

	Salary	Age Date Appt./Prom.
First Replacement		
Second Replacement		

Key:

Years to Retirement

1-2 years

2-5 years

6-10 years

More than 10 yrs.

Replacement Readines

Ready or less than 1 year

1-3 years

More than 3 years

Manpower Forecast: Determination of Future Requirements

Future requirements are projected on the basis of:

i) past manpower growth
ii) sales forecast
iii) expected organisational changes
iv) planned new products or services
v) productivity changes
vi) technological developments
vii) research and development expenditure
viii) capital investment forecasts and
ix) GNP growth, after adjusting for requirements, other separations, transfers and promotions out of the group.

Forecasts are made on gross long term basis or specific short term basis at the Corporate, Divisional and unit levels categorywise. Mathematical models have been developed to relate the variables indicated above and manpower requirements.

Manpower plans: Action Steps to Meet Manpower Needs

When the manpower forecast is matched with the inventory, manpower needs over a given period will be known. Then an attempt to improve the utilisation of existing work force will be made first through:

i) organisational changes
ii) inter firm comparisons
iii) changes in job design

iv) improving employee motivation
v) training and development
vi) personnel and staffing innovations
vii) changes in appraisal and reward systems

After all possible improvements in manpower utilisation are taken into consideration, whatever gap remains have to be filled up.

Companies look within themselves to see that candidates to be recruited during a stipulated period, sources of supply should be properly identified (such as technical training institutes, polytechnics, engineering colleges, management institutes, open market etc) and procedures for recruitment and selection should be initiated. This whole exercise should be considered as the most important area of investment in the human potential of an enterprise.

MANPOWER PLAN FOR RUHSA DEPARTMENT FOR 1990

Section	Current on Roll (1)	Anticipated on Rolls (2)	Net Change (1)-(2) (3)	Gross Reqd. (3) + Separations (4)	Promoted from within (5)	Transferred from within (6)	To be recruited (7)
HEALTH: Doctors							
Nurses							
Paramedicals							
Clerical							
Attenders							
Volunteers							
AGRICULTURE/A.H.							
Officers							
Supervisors							
Clerical							
Attenders							
Volunteers							
SOCIAL EDUCATION							
Officers							
Instructors							
Clerical							
Attenders							
RCO							
Volunteers							
CERT: Officers							
Research							
Clerical							
Attenders							
ADMN.: Officers							
Clerical							
Attenders							
Technicians							

M 2-8

Chandra

Exercises

NETWORK TECHNIQUES

II. PROBLEM

You are required to prepare Chana Batura for a visitor who will be visiting in the following evening. You decide to entertain him with Chana Batura and water. The receipe is as follows:

Ingredients: for Batura

1 cup flour, 1 egg, a pinch of baking powder, salt to taste, curd or yoghurt, ghee for frying.

Ingredients for Chana:

1 lb boiled gram, 2 table spoons curd or Yoghurt, 3 table spoons ghee, 2 large onions, chilli powder to taste, a large piece of ginger, garam masala.

Method

Knead all the batura ingredients into a dough the day before. Set aside in a warm place to rise. The next day, shape into thick puris and deep-fry in hot ghee. Grind the onions to a fine paste. Heat ghee in a vessel and brown the onions and chopped ginger in it. Take off the heat and sprinkle with garam masala. Garnish with slices of tomato, chopped coriander and green chillies. Serve with bottles.

(1) ~~Mix the flour with egg baking powder~~ and salt.

1) Mix the flour with curd or yoghurt by adding egg.

(2) After mixing egg with the flour add a pinch of baking powder, mix it.

(3) Add salt mix and taste whether salt is sufficient.

(4) After mixing the flour shape it into thick puris and deep fry into hot ghee.

(5) Brown the onions which is grinded with ghee

(6) Add chopped ginger into it.

(7) take out the heat and add garam masala

(8) Garnish with slices of tomato, chopped coriander and green chillies.

STAFF DEVELOPMENT PROGRAMME : TRAINING IN NETWORK TECHNIQUES

III. List activities

Assume all the ingredients are available in your kitchen, and you are familiar with cooking.

1. Knead all the batura ingredients into a dough.
2. Set aside in a warm place.
3. Shape into thick puris.
4. Deep fry in hot ghee.
5. Grind the onions into find paste.
6. Heat ghee in a vessel.
7. Brown the onions.
8. Chopp ginger.
9. Add chill powder, curd and chana.
10. Cook the chana ingredients.
11. Take off the heat.
12. Slice tomatoes.
13. Sprinkle with garam masala and tomatoes, chillies, coriander.
14. Chopp coriander.
15. Chopp chillies.
16. Serve with batura.

STAFF DEVELOPMENT PROGRAMME : TRAINING IN NETWORK TECHNIQUES

IV. DETERMINE IMMEDIATE PREDECESSOR

Condition A : You have only yourself and ~~more~~ one stove with as much vessels and utensils required.

Condition B : You have unlimited persons and stoves to complete your task will all utensils required.

Activity Code	Activity Name	Immediate Predecessor	
		Under Condition A	Under Condition B
1.	Knead into batura	-	-
2.	Set aside	1	1
3.	Shape into Puris	2	2
4.	Deep fry	3	3
5.	Grind onions	-	-
6.	Heat ghee	5	-
7.	Brown onions	6	5,6
8.	Chop ginger	7	-
9.	Add chilli, Curd, Ginger, Chana	8	7,8
10.	Cook chana	9	9
11.	Take off heat	10	10
12.	Slice tomato	-	-
13.	Sprinkle garam masala and tomato, coriander	11,12,14	11,12,14
14.	Chopp Coriander	12	-
15.	Chopp chillies	8	-
16.	Serve	4,13	4,13

V. TIME ESTIMATES

Every activity has a time during which it can be completed. To arrive at an appropriate time, three time estimates are made,

1. Optimistic time (a) : is the shortest possible time to complete the activity if all goes well. It is based on the assumption that there is only 1% chance of completing the activity in less than optimistic time.

2. Pessimistic time (b): is the largest time for an activity under adverse conditions but acts of nature, politics, calamities. It is based on the assumption that there is only 1% chance of completing the activity in a time greater than pessimistic time.

3. Most likely time (m): is the model value of the activity time distribution.

The time estimates for an activity can be calculated by the following formula.

$$X = 1/6(a+4m+b) \ \& \ S^2 = (1/6(b-a))^2$$

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STAFF DEVELOPMENT PROGRAMME : TRAINING IN NETWORK TECHNIQUES

VI. PREPARE TIME ESTIMATES FOR YOUR PROBLEM

Activity Code	Activity Name	Minutes a	b	m	tc (b-a)
1.	Knead into batura	3	15	5	6.3±2.0
2.	Set aside	60	1000	300	376.7±156.7
3.	Shape into Puris	10	15	12	12.2± .83
4.	Deep fry	10	20	15	15± 1.7
5.	Grind onions	1	5	3	3± 0.7
6.	Heat ghee	1/3	2	1/2	0.72± 0.28
7.	Brown onions	2	6	10	8± 0.67
8.	Chop ginger	1/2	5	1	1.06±0.5
9.	Add chillies etc.	1/10	2	1/3	0.57±0.32
10.	Cook chana	2	8	5	5±1
11.	Take off heat	1/60	1/3	1/20	0.06±0.05
12.	Slice tomatoes	1/2	5	1	1.58±0.75
13.	Sprinkle	1	5	2	2.33±0.67
14.	Chop coriander	1/2	5	1	1.58±0.75
15.	Chop chillies	1/2	5	1	1.58±0.75
16.	Serve	2	10	5	5.33±1.33

In practice, deterministic time estimates are made. Modal values may be taken for convenience.

STAFF DEVELOPMENT PROGRAMME : TRAINING IN NETWORK TECHNIQUES

VII. PREPARE A BAR CHART

Net work planning methods were developed by two different groups independently. The Du pont Co., developed the critical path method to plan and control the maintenance of chemical plants. At the same time Us Navy developed the Performance evaluation and Review techniques for planning and controlling the Polaris missile project. The success of the two methods were due to reduction of time for maintenance from 125 to 78 hours for Du ponts and reducing the development of Polaris missile by 2 years against the original estimates.

Using the two conditions mentioned earlier, try to develop a simple bar chart.

Condition A

Activity	Time
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	

PERT

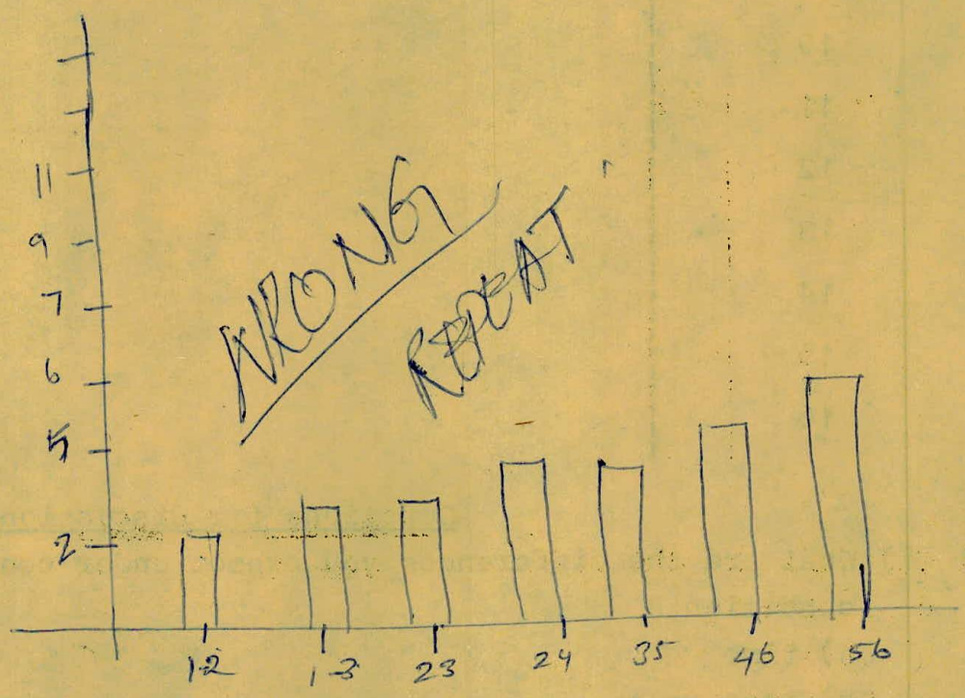
Programme Evaluation Research Technique

VIII. BAR CHART VS NETWORK

Problem

Activity Code	Name	Immediate Predecesser	Duration months
1,2	Prepare plan	-	2
1,3	Acquire rights	-	7
2,3	Finalise application	1,2	6
2,4	Arrange seeds	1,2	5
3,5	Arrange for credit	1,3	9
4,6	Supply seed	(2,4) (1,3) (2,3)	11
5,6	Supply feed	3,5	6

Bar chart



Network

Condition B

Activity Time	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	

Questions for Discussion

1) What are the differences you expect under condition A and condition B
   a) time
   b) resources
   c) team activity
   d) need for coordination
   e) expense
   f) predecesser activities

2) You were asked to entertain the visitor the following evening. If however at 6 a.m., you get a call asking you to expect the visitor for breakfast using optimistic resources and time when can you serve the breakfast with the same menu.

IX DRAWING THE NETWORK

A. Terminologies in network techniques

(1) Activities : has a starting point and an ending point, takes a measurable unit of time, they start from or end in events, usually denoted by arrows, it is the work component required to accomplish an event, it connects two events, it can be started only if the event from which it emanates has been accomplished, is referred by identification numbers of events it connects.

It is necessary to number events to have unique number of activities and starting number be less than ending number of events.

(2) Events : represents a point in time, like a snap shot, they do not consume time, denoted by a circle, is accomplished only when all activities leading into it are completed, has a number.

(3) Dummy activity: is denoted by a broken line. It is used to maintain unique numbering and to maintain the logic.

(4) Path : is an unbroken chain of activities from the initiating event to another event.

(5) The legend in a network diagram

i : starting event
j : ending event
E(i) : early occurance of event i.
L(i) : late occurance of event i.
E(j) : early occurance of event j.
L(j) : late occurance of event j.
Ls(i,j): late start of activity (i,j)
EF(i,j): early finish of activity (i,j)
d : duration

B. Determining the duration

Forward Pass

Backward Pass

Critical path

Time based network

What is the difference in information you have in the three methods of depicting the activities?

(a) Sequencing
(b) Slack time
(c) Interrelationship between activities

C. Updating the network

Question: 1. When can you use a network technique?
2. What is the essential lesson from this technique?
3. If the problem given to you is designed as follows:

Activity Code	Activity Name	Duration Months	Person Responsible
1,2	Prepare Plan	2	Mr.A (Coordinator)
1,3	Acquire rights	7	Mr.B
2,3	Finalise application	6	Mr.A
2,4	Arrange seeds	5	Mr.C
3,5	Arrange for credit	9	Mr.D
4,6	Supply seed	11	Mr.C
5,6	Supply feed	6	Mr.E

Using the time based network discuss,

i) Who has slack time to delay completion, and to what extent.

ii) Who will monitor the progress, what information he has to enable completion of the project.

iii) Who would be responsible if activity 5,6 is delayed by two months.

iv) What would be the implications of this delay to the project and personnel concerned.

v) What would be the implication if the delay is in activity 1,2 by two months to the project and personnel, How can you rectify the same?

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FINANCIAL MANAGEMENT

M 2.9
C. P.

Module F: Financial Management - DCHM:MAD: VII Batch 1988-89

Module Objectives

1. Appraise the financial position of an agency by scrutinising its books and financial statements.
2. Prepare an appropriate budget for a programme.
3. Use technique of management to ensure efficient and effective utilisation of funds.
4. Follow legal aspects in finance.

Content

Book keeping, Budget, Cost benefit analysis, Fund flow statement, Financial analysis and control, Legal aspects in finance.

Lesson Plan

1. Introduction & Pretest	: Dr.Thomas P.Benjamin	: 1 period
2. Budget	: Mr.Immanuel	: Followed aby application in workshop
3. Book keeping	: Mr.Mathew	: 3 periods
4. Cost Benefit Analysis	: Mr.Rajamanickam	: 2 periods
5. Fund flow statement	: Mr.Rajamanickam	: 1 period
6. Financial Analysis & Control	: Mr.Rajamanickam	: 1 period
7. Legal aspects in finance	: Mr.Immanuel	: 2 periods
8. Buffer period	: -	: 1 period
9. Evaluation	: Dr.Thomas P.Benjamin	: 1 period

Evaluation

Post test, exercises, attendance, assignments

References

1. R.Shankaran & Ivo Rodrigues: A Handbook to the Management of Voluntary organisations, Alpha Publishers, Madras, 1983.
2. King Edwards Hospital Fund for Health, Accounting for Health, 1973.
3. Dicter K. Zschock, Health Care Financing in developing countries, American Public Health Association International Health Programs, 1979.
4. Rosemary McMohan Elizabeth Bartoon & Maurice Piot, On being incharge, A guide for Middle Level Management in Primary Health Care, WHO, Geneva, 1980.
5. VHAI, An Accounting Guide for Hospitals & Nursing Homes, 1978.

C.P Materials Management M 2.10

RUHSA DEPARTMENT OF C.M.C & H: VELLORE.

DCHM 1988-'89 : MAD - MODULE - E.

MATERIALS MANAGEMENT

Objectives:

1. Determine and procure the material resources required from a programme.
2. Administer procedures for efficient management of expendable and non-expendable equipment.
3. Use techniques of management to ensure efficient and effective utilisation of material resources.

Lesson Plan:

1.	Introduction and Pretest	- 1 period
2.	Reading and Discussion (Purchase)	- 2 periods
3.	Reading and Discussion (Stores)	- 2 periods
4.	Observation of stores and purchase functions at RUHSA	- 3 periods
5.	Trip to CMC (i) Durairaj (ii) Venkatesan	- 2 periods
6.	Library time to complete Exercises	- 3 periods
7.	Qualitative technique in managements	- 2 periods
8.	Buffer period	- 1 period
9.	Review and evaluation	- 1 period.

Reference:

Gupta, D.R., Purchasing and store keeping, Tata Mcgrow, Hindustan Publication, New Delhi, 1982.

Pooler, Victor M., The purchasing Man and his job, Tara perevala Publication, Bombay, 1977.

First course for Health Administration on Management of Health Institutions, Indian Society of Health, Administration, 1980.

McMohan, Rosemary, Bartin, Elizabeth and Piol, Maurice, on being incharge - A guide for Middle level Management in Bombay Health Care, WHO, Geneva, 1980.

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j/b.

M 2.11

MATERIALS MANAGEMENT

B.R

MATERIALS MANAGEMENT

Introduction to Materials Management:

The function of materials management includes controlling and regulating the flow of material in an Organisation, in relation to changes in variables like demand, prices, availability, quality, delivery schedule etc. Materials Management essentially deals with determining how much, when, from whom and how to order material.

Material Management encompasses all functions having to do with materials, including production scheduling, materials control, purchasing, traffic and materials handling on the same level as a line manager. Several allied functions such as traffic, receiving and inspections may or may not be included within the materials management jurisdiction. In shot , the purchase and inventories are under one Manager and is concerned with all activities necessary to provide an uninterrupted flow of material, parts and services used in line.

The advantages of an expanded materials organization is:

1. Reduced lead time
2. Greater consistency in quality
3. Improved continuity of supply
4. Improved vendor relations
5. Unbiased make or buy decisions
6. Improved inventory turnover
7. Better availability of materials
8. Reduced obsolesence
9. Reduced materials handling, Packaging and storage uses
10. Reduced transportation costs
11. Reduced duplication of efforts
12. Increased opportunity for integrated data processing.

The advantages of the materials management organization encompassing the three main functions - material planning, Inventory and purchase are questioned on the grounds of the purchase function tending to be subordinate in the overall function.

Material Selection:

Determining correct specification of materials and components.

Operating cost:

It should endeavour to keep the operating costs low without making any concession in quality.

Consistent quality:

The materials department is responsible for the quality of materials (as per specifications laid) procured and supplied.

Continuity in supply:

Materials should be available when required to maintain the continuity of activities; emergency purchases and frequent stock-outs should be kept to a minimum as this increases the cost of production.

Low cost of Possession:

Correct handling, proper st ring, receiving in optimum batch sizes, deciding an proper mode of transport etc., are some of the factors that keeps the cost of possession low.

Background reading

High Inventory turnover:

It is defined as Utilization decided by average Inventory Holdings. Lower inventary holdings in relation to utilization ties down lower capital. It improves the efficiency of capital used and makes an available higher working capital.

Vender - Vendee Relations:

Organisations generally depend on outside sources for their material supplies. If the materials are cordial it may bring extra service, cost reduction, rushing deliveries, supplies on credit etc., from the suppliers/Vendors. If properly developed, good Vendor-Vendee relations can be a gain to either side.

Standardisation:

Use of standard components generally keep its cost down. The materials management personnel can make significant contribution by receiving stocks to single unit non-standard item, variety medication, imports substitution, promoting use of standard components etc.

Scientific systems and Records:

Good records help in planning, analysis, forecasts, quality control, price negotiations, make or buy decisions, Vendor rating, co-ordinating complaints and a lot of other purposes. These contribute significantly to an Organisations survival, growth and outside image.

Judging from the point of capital investments in a developing economy, an investment of about 25 percent of the total is roughly incurred on inventories. It is generally the second most important asset (the first being plant, equipment and buildings) in most organisations. Therefore, its control is a vital phase of materials management. Proper management can do a lot to improve the effeciency with which this capital is used.

THE PURCHASE FUNCTION.

Purchasing:

Purchasing has been defined by Westing and Fine as a 'business activity directed to securing the materials, supplies and equipment required in the operation of an Organisation'.

Importance of Purchasing:

1. For efficient management of finance, it is important that good quality material are bought at the least possible prices.

2. Material must be supplied to the Institution on a continuous basis. Activities should not be heldup due to non-availability of material. At the same time, it must be known that storing locks up valuable investment. Efficient purchasing ensures regular supply of material with minimum loss of investment.

3. Through the function of purchasing, the institution comes in contact with various agencies, their activities, their policies, equipments used by them etc. This information can sometimes be invaluable in framing plans and scheduling activities.

4. Materials that are cheaper may actually prove to be costlier to the institution in the run out. The purchasing department must be able to advice the institution on new substitutes for the materials in use.

Duties and responsibilities of Purchasing Officer:

1. Issuing Purchasing orders
2. Interviewing Salesmen
3. Negotiation with Vendors
4. Selecting Vendors
5. Analysing bids and prices
6. Making adjustments with Vendors
7. Maintaining records of vendors
8. Developing new sources of supply
9. Follow-up orders.
10. Maintaining a Catalogue library
11. Disposing of scrap and surplus materials
12. Checking and approving invoices
13. Scheduling purchases and deliveries
14. Determining buying time
15. Checking requisitions
16. Determining how much to buy
17. Keeping in full touch with the markets and being acquaited closely with current quotations and sources of supply.
18. Making forcasts of the probable future requirements of the several commodities sufficiently in advance, in order to take the fullest advantage of the low markets due to seasonal fluctuations.
19. Insisting on due fullfilment of deliveries by suppliers as indicated in the orders, and thus ensure a steady supply.
20. Maintaining a complete and classified record of the minimum and maximum stocks required, quotations from suppliers, supplies ordered, price charged etc.

Qualities of an efficient purchase officer:

1. He must have considerable experience in buying and must be fully conversant with the purchasing technique.
2. He must possess high technical ability to discriminate judiciously between the commodities offered by different suppliers so as to decide upon the most suitable firm.
3. He should have organising ability
4. He must know how to negotiate.
5. He must possess sound judgement, and all his activities should have the impress of method and precision.
6. He must be reliable and dependable
7. He must possess sound knowledge of finance and efficient business methods.
8. He should have good practical knowledge of industry.
9. He should be honest.

Essentials of successful purchasing:

1. To determine what to purchase: In order to procure correct material and reduce correspondence and replacement of mateerial, the material which has been indented only by a right and competent authority, giving full specifications and details of it, should be purchased.

2. To determine from where to purchase: The order should be placed only to that supplier who has been adjuged good in dealings and supplies, and with whom all conditions have been settled.

3. To determine when to purchase: The purchase of material should be made sufficiently before hand so that work does not suffer due to shortage of material. Materialsshould be purchased when market rates are low.

4. To determine how much to purchase: The quantity of material purchased should be according to the amount required by the indentor.

5. To determine at what rate to purchase: It should be considered while purchasing, that orders has to be placed with the lowest but favourable bidder, and also where the conditions of payment and discount or commission are best.

6. To maintain complete purchase records effeciently.

How to carryout effective purchasing:

The following steps are useful for carrying out effective purchasing:

1. Initiation of request in the form of a purchase requisition from the department requiring the goods.

2. Ascertainment of an accurate statement of character and amount of material needed, preferably based upon specifications.

3. Selection and development of desirable and dependable sources of supply.

4. Negotiations with the sources.

5. Analysis of the proposals.

6. Selection of the vendors

7. Placing of the order

8. Follow-up of the order

9. Routing the order

10. Receiving the goods

11. Checking invoices and goods

12. Keep materials in a place where they will be safe and readily accessible.

Sources of supply:

After determining the quality and quantity of goods to be bought, the sources of supply are to be tapped. For this the following are very helpful:

1. Trade directives

2. Telephone directaries

3. Purchasing periodicals

4. Newspaper and commerce magazines

5. Catalogues, blueprints and other literature of advertising nature.

6. Suppliers index files
7. Display of film data
8. Exhibition and trade shows
9. Interviews with salesmen
10. Market surveys
11. Professional organisation
12. Quotations
13. Experience

While considering a suitable source of supply, the following factors should be given due consideration:

1. Whether to purchase from a single supplier or a multiple of them at the same time.

2. Whether to purchase from the local sources or from some distant place.

3. Whether to purchase directly from the manufacturer or through a wholesaler.

The selection of right supplier is of paramenant importance because if the supplier turns out to be bad, the competence, organising ability of the buyer and all other qualities will go waste.

Advantages of a single source:

By purchasing all requirements of a particular item from a single source, buyers can gain the following advantages.

1. The buyers make maximum use of their buying power. They concentrate all requirement for a certain item on a single supplier and thereby get the largest possible quantity discount.

2. There is less administrative work for the buyers entire organisation, since it is necessary to issue purchase orders, receiving reports, inspection reports, checks and on to only one supplier per item.

3. Suppliers often offer special price concessions if they can make 10% of the requirements of a given item, since they can set up their production in the most economic manner and invest in more efficient tooling.

4. Less investment in special tooling is usually needed. One supplier generally needs only one set of tools, while two suppliers will need a set each.

5. Suppliers have more incentive to aid in methods improvement. If a supplier is the sole source for an item, he is more likely to rega himself as a partner in the company's product, particularly if he is manufacturing the item under a long-term contract. As a result, he will be more likely to devote part of his R & D efforts to improvements.

Advantages of multiple sources:

Despite the above advantages, many companies do their utmost to avoid relying on a single source for all but the most unimportant items. They try to have at cost two suppliers for each item and sometimes they have three or four. The advantages of multiple sources are:

1. With several sources, there is less risk of interruption of supply due to quality problems, strikes, fines, and so on. If one supplier fails, the other supplier(s) can take up the slack.

2. With two or more suppliers for one item, a healthy competitive spirit can develop in which each vies to improve methods and reduce costs in order to get greater share of the business. With a single source, the supplier may become so well versed in making the item that he gets a virtual monopoly of its manufacture and sometimes, no competition brought in at a later date can meet hisprices.

3. Many items require no or little tooling on one used in such large quantities that duplicate tooling is necessary any way. In these cases, there is no cost premium for tooling a second source.

4. The unit price of the item is no higher with more than one source that it would be if all requirements were concentrated on a single source.

5. The buyer has found a new supplier with low prices whom he would like to introduce to the item but withwhom he is not yet familiar enough to trust with 100% of the business.

Inviting Tenders and Quotations:

Usually, tenders are invited when time permits and the money involved is large.

The following are the different methods of obtaining tenders:

1. Open tender (i.e. by advertisement)
2. Limited tender (by direct invitation to limited number of firms)
3. Single tender (by invitation to one firm only)
4. Oral tender

Open Tender:

It is also called advertised tender. Tenders are advertised when the sources are many and the value is large. Advertised tenders necessarily mean longer line for settlement of tenders and placement of orders. When large quantities are required it may even be desirable to place an order for a part quantity on a proven supplier to ensure continuity of supply till supplies through advertised tenders are available.

The lowest tender is generally accepted but not in all cases. When tenders are invited by public advertisement the issue of tender forms need not be restricted to firms whose names may be on the list of the approved contractors. Firms not on the list should, on enquiry, be informed that they are at liberty, on payment of the prescribed fee, to tender for advertised requirements. When a tender which appears to be satisfactory, has been received from an unknown steps should be taken before any order is placed to ascertain whether the firm is capable of executing the work in a proper manner. If the enquires prove satisfactory, the order or a portionof it, may be placed with the firm. If the order is executed satisfactorily, the name of the firm should be included in the list of approved contractors.

Limited Tender:

When the value of the tender is moderate, say, not exceeding Rs.20,000 limited tender system should be used. Here tenders are invited only from those firms which are on the approved list of suppliers.

This system entails the following advantages:

1. Being regular suppliers they submit realistic quotations
2. They are normally fully conversant with the material etc.
3. The prospects of supplies materialising are better
4. Chances of progressive reduction in price.

Single Tender:

Such a tender is issued only in those cases where an item is of a properietary nature or where a repetitive order is to be issued within a short period.

Oral Tender:

In case the supplies are of minor nature and are urgently needed, a man is deputed to purchase the required items from the open market. He finds out the prices from two or three vendors and makes the purchases from the vendor which quotes the minimum price and whose supplies conform to the necessary specifications.

Receipts and opening of Tenders:

The following procedure should be adopted for receipt and opening of tenders.

1. A register of tenders received shall be maintained in which all tenders received by mail or otherwise shall be entered immediately.

2. At the time of opening the tenders the Purchase Officer and representative of the Chief Accounts Officer will initial this register.

3. Only sealed tenders will be accepted (except in emergency) and should not be received by hand, but in a box provided for the purpose.

4. The Purchase Officer shall on each day collect the tenders due on that day and in the presence of a representative of accounts department open the tenders. Every page of the tender form must be initialled by the officer and numbered and the last marked 'last'.

5. The tenders or their representatives who wish to be present at the time of opening the tenders will be permitted to do so. If desired by the tenders or their representatives, the prices quoted may be read out.

6. Once a tender or quotation has been received, no alteration or modification is allowed.

7. Delayed/late tender received after opening of tenders shall not normally be admitted. The cases where there is conclusive evidence to show that tenders were actually sent/posted in time, may or may not be accepted.

Scrutiny of Tenders/Quotations and placing of Purchase Order:

Normally the following procedure is adopted for scrutiny of tenders and placing of purchase order:

1. A comparative statement of tender received will be prepared under instruction to point out relevant data. Normally the lowest quotation should be accepted, provided it conforms strictly to the specifications.

2. When a quotation other than the lowest is acceptable, the purchase department in consultation with Chief Purchase Officer or identor will prepare a detailed note giving reasons for choice.

3. When the supplier has been finalised, concurrence of the Chief Accounts Officer/Managing Director is taken.

4. The Chief Accounts Officer will indicate his concurrence and pass on the file to the Assistant Purchase Officer, who will be competent to issue the purchase order if the order is for the lowest quotation and amount involved is not more than Rs.1,000 per order. For orders above Rs.1,000 but not more than Rs.25,000 the purchase officer will be competent to sanction purchases on the basis of other than lowest tenders. For orders above Rs.25,000 but not more than Rs.75,000 the Chief Purchase Officer will be competent to issue the purchase order if the order is for the lowest quotation or otherwise. For purchases involving over Rs.75,000 Manager/Director's concurrence is necessary.

5. In cases the orders are not for lowest quotations and the value of quotation is up to Rs.25,000 the Purchase Officer will issue orders subject to financial concurrence of the Chief Accounts Officer. In case where the order is above Rs.25,000 and it is proposed to place the order with a party other than the lowest tenders, the Chief Purchase Officer is competent, for good and sufficient reason, to sanction purchase up to the value of Rs.75,000 subject to financial concurrence of Chief Accounts Officer. The reason provided must be recorded.

6. No negotiations for settling the rates are to be undertaken except when it is found that the rates quoted by late tenders are less and the difference with the lowest tender received in time is more than 5% or Rs.1,000/- In such cases the lowest tenderer will be given a chance to reconsider his tender and accept the rates of the tender received late. If these rates are not acceptable fresh tenders should be called. In exceptional cases here delay in calling fresh tenders will cause loss or inconvenience and the saving is substantial the late tender may be considered with the sanction of the Chief Purchase Officer.

Purchase Order:

A purchase order is an 'offer' by the purchaser to enter into a contract with the vendor for the supply of goods. A contract is established when the vendor accepts the offer. The purchase order serves as the vendor's authority to change for the goods supplied and the buyers commitment to pay for them.

The purchase order should cover definitely and precisely the essential elements of purchase to be made, in a manner which will render future misunderstanding impossible and minimise the necessity of correspondence. Before placing an order, the purchaser must have complete details of the items required and the terms and conditions of supply.

A Purchase order should include number, quantity, ordered, description, delivery and shipping instructions, billing and terms, prices, miscellaneous clauses and terms and conditions of contract and instructions.

Follow-up of the purchase order is of vital importance as uninterrupted production schedules can be materialised only if the materials are received in time.

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j/b.

M 2.12

L.H

STORES PROCEDURE

In any organisation or institution which is multipartite such as our hospital, consumable materials and equipment commonly used by various departments are frequently required and hence there is a need for them to be centrally purchased on the basis of future demand, stored, and distributed periodically. Articles thus purchased and kept for distribution make up the Stores Inventory.

Inventory is defined as idle resource provided that such a resource has economic value. Thus inventory is made up of materials of value for which finance is needed for purchase. Effective control has to be exercised in purchase, storage and distribution.

The chief objective of materials management is to make materials available at minimum cost. In otherwords to maximise availability and to minimise cost. As these two are opposing factors, the work of bringing them together involves appropriate methods and procedures.

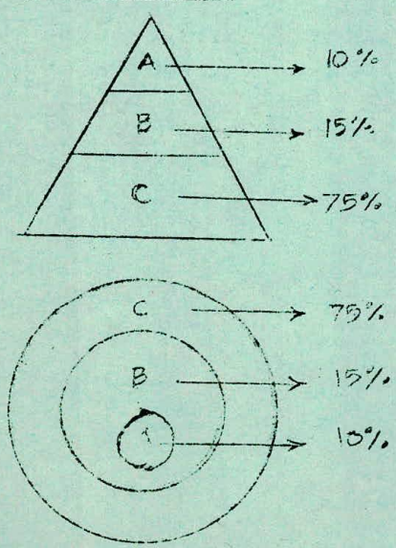
With these constraints the materials manager has to procure the right material in the right quantity at the right time. The systems followed in inventory control are directed towards achieving this threefold object.

For effective control, materials are analysed into various categories or groups.

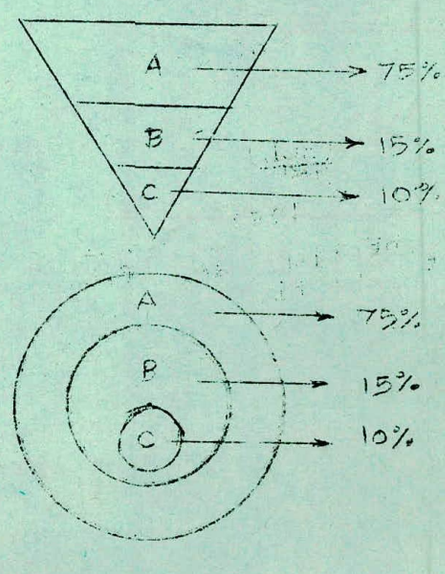
1. Value Analysis

Materials are classified as A, B and C on the basis of their annual consumption value (ACV). These with high ACV are classified as A and C concists of materials with the lowest ACV. An inexpensive material such as a roll of bandage could be classified as A as a hospital consumes several thousand rolls of bandage in a year for which the cost amounts to much. Whereas in a home or in a factory it will be an item of low consumption as it will be used only in emergencies such as first aid in cases of injury due to accidents. This value analysis or ABC analysis (as it is popularly known) is the basis on which quantity purchased at a time is determined. 'A' class items from the major percentage of the inventory valuewise, but are numerically much less than the rest of the inventory. They constitute only 10-15% of the total inventory numerically, but account for about 70-80% of the value. We can diagramatically represent ABC analysis as given below with two triangles one with the apex pointing upwards of the other downwards or as two sides of a coin with concentric circles.

Numerical



Value



As a small number of items account for a high value rigid control can be more easily exercised on A class items. These are also mostly fast moving items and therefore orders are placed for these on a monthly delivery basis so that we do not hold a high inventory which will result in blocking of a huge capital.

Less control needs to be exercised on B class and the least control on C class items.

Economic Ordering Quantity (EOQ) and Re-order Level (ROL)

A common formula for EPQ is given below:

$$EOQ = \sqrt{\frac{2\ AC}{UI}}$$

Where A = Annual consumption quantity
C = Cost of ordering
U = Unit cost
I = Inventory carrying cost

Examples:

Annual consumption of 25 watt bulbs	800
Cost of ordering (Average cost)	Rs.25/-
Unit cost	Rs.5/-
Inventory carrying cost	20%

$$EOQ = \sqrt{\frac{2 \times 800 \times 25}{5 \times 2}}$$

$$= \sqrt{40000}$$

$$= 200$$

This would mean that we order 200 25 watt bulbs at a time, or once in three months.

This formula is not however strictly followed. Some would like to order once in six months in which case the EOQ will be 400 instead of 200.

For items which have limited shelf life and are consumed in small quantities (slow moving) the EOQ will be naturally less.

When to Order

The Bin Card of Kardex system as replaced the stock ledger in stores. Bin card shows the day to day transactions for each material the receipt issue and balance (numerically).

Re-order Level (ROL)

This is the level at which a fresh order is placed for the material. The time taken from the date on which a purchase request is made upto the time the material arrives is called Lead Time (LT). This is what determines the ROL. Lead Time is an average figure calculated on six occurances and is expressed in weeks.

Example:	Date of demand	2-1-88
	Date of arrival of material	27-2-88
	Lead Time	8 weeks

The quantity of material which will be required for consumption during the Lead Time is calculated and this is called Lead Time Demand or LTD.

Roughly ROL = LTD + SS

SS stands for Safety Stock

$SS = \frac{LTD}{2}$ (Approx.)

Calculation of ROL

Average quantity of Bed pans consumed per week = 2

Average Lead Time = 7 weeks

ROL = LTD + SS

= 14 + 7 = 21

When the level of stock comes down to 21 a purchase request is made.

What to Purchase

For purchasing the right material we need to have a complete description of the material with detailed specification.

For instance if a Foley's catheter is to be ordered we have to say

Foleys Catheter

Size	FR =	10 or any othersize required
Bulb size		3 cc or whatever the capacity
Type	-	Two way/Three way
Material		Rubber/Latex siliconised brand preferred

Bolt & Nut

Material	Mild Steel/GI/Brass
Length of bolt	50 mm
Diameter	6 mm
Length of thread	8 mm/16 mm Half Thread/Full Thread
Shape of Head	Round/Square/Hexagonal

Level of Inventory

All possible efforts are made to keep the lowest possible inventory without the risk of non-availability of stock. The cost of stock-out (or non-availability of stock) is an unquantifiable factor especially in a hospital particularly in a life saving item.

In order to facilitate selective control two other analyses of material are made.

One is the analysis based on criticality viz. the VED analysis:

Vital Essential and Desirable

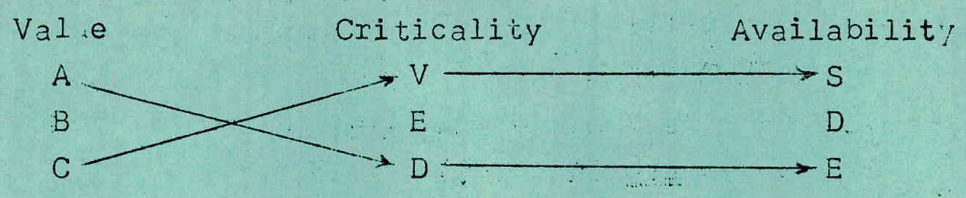
The second is based on availability and is called SDE.

Scarce

Difficult to obtain

Easily available

We can therefore analyse materials in three ways i.e. based on value, criticality and availability.



Combining the three we can determine in which of the catagories we should hold a high inventory and in which a low inventory.

High	CVS
Low	ADE

Explanation

C Class items are of low Annual Consumption Value (ACV) and therefore can be stocked up. Vital items have to be available in plenty as they are highly sensitive and critical. Items which are scarealso need to be stocked in good quantity for obvious reasons.

We need to hold a low inventory in A class as their ACV is high. We do not need to hold much stock in Desirable and Easily available items.

It has to be noted that the three groups are not mutually exclusive. An item which belongs to C Class could be vital as these belonging to A or B class. An item which is scarce may be in the A class in which we will need to hold a big stock.

Where the inventory consists of a number of items these methods help to exercise a selective control as otherwise too many items will have to be watched which is time consuming. Therefore ABC, VED and SDE analyses are very useful tools in the hand of a materials manager.

Distribution of Stores

From various consumer departments indents for materials are received in stores periodically i.e. once a week/fortnight month. This gives the storekeeper time to spend on other activities such as checking the stock, raising indents on purchase, receiving materials ordered, making entries in bin cards, filing, cleaning the premises arranging materials in bins and so on.

Materials can be broadly classified as consumable and non-consumable. A candle or a match box is considered as consumable whereas materials like brass taps, blades, buckets, pans, torch cells, electric motors or any kind of equipment, furniture etc. are classified as non-consumable. Issue of consumable stores is on an average consumption. basis, whereas issue of non-consumable material is on the basis of replacement or on a certificate of condemnation. The unserviceable material or in certain cases the containers (eg. sutures) are to be returned for obtaining replacement. In this manner control is exercised on undue or excessive consumption.

An indent from a department to stores has to be duly signed by the indentor and authorised by the head of the department. It is also essential to give full and proper description in order to get the right material.

Arranging and Issue of materials

First in First Out (FIFO) is usually the principle followed by a storekeeper. This is absolutely necessary in the case of materials which have limited shelf life and specific date of expiry marked on the package.

Disposal

This leads to disposal ofunusable spoint or unserviceable material. Disposal is done periodically. Certain items are saleable as they are made of plastic or more valuable material like brass (eg. brass taps, valves, stop-cocks). These are kept separately and sold.

Inventory Control Techniques

The main objective of stores is to make the required material available at the right time in right quantity. Techniques of inventory control are used in order to achieve this objective. Records need to be kept upto date for this purpose of which the Bin card is vital. This card is kept either in the bin where the material is stored or neatly arranged groupwise/categorywise in the Kardex cabinet. The bin card should clearly show the detailed and exact description of the material, the material code No., the economic ordering quantity (EOQ) and re-order level (ROL). The EPQ and ROL are quantities/levels pre-determined by calculation with formulae and the purchase/issue unit. It should also have columns to show the dates of transactions viz. receipts and issues and the balance of stock at any time. As soon as the re-order level is reached the Storekeeper has to send a purchase request for the material. The quantity to be ordered is the economic order quantity. If the annual consumption quantity is also indicated in the bin card it will help in determining the EOQ.

The EOQ and ROL have to be reviewed periodically and revised if necessary. If the rate of consumption increases or decreases, the EOQ has to be revised upward or downward as applicable. If the lead time increases the ROL may have to be increased. A low inventory is achieved by regulating the EOQ and ROL. A high ROL will involve high inventory and therefore should be avoided in A & B class items, unless they are vital or scarce and seasonal items, in which case material availability has to be ensured even at a higher cost.

The storekeeper should also catch the movement of material to see if the rate of consumption shows a steady or steep fall, leading to obsolescence. If a certain material is being gradually substituted by a better alternative, raising demand or purchase request for the former should be stopped or regulated. If this is not done, he will eventually hold stocks which will become obsolete. Obsolete stock is dead stock and adds to liability.

Receipt and issue of the stock have to be recorded promptly. All stocks received should be checked for quantity and quality and arranged in the bins/shelves with minimal loss of time. Risk of pilferage is higher in a disarranged stores.

Arrangement

Where there is no profit motive, First in First Out (FIFO) principle is followed. First in Last Out (FILO) and Last In First Out (LIFO) are principles employed for consideration of profit. Arrangement or stocks depends on which of the above principles is followed. When the shelf life of an item is limited (whether it is marked on the package or not) FIFO is to be followed. When it is not marked on the packing

it is advisable to keep the batches separately and clear the old stock first. Deterioration is inevitable in certain items especially those made of rubber, which have to be ordered in limited quantities. A low stock of volatile items is necessary in order to avoid loss due to rapid evaporation. Drugs which have expiry dates will have to be utilised before the expiry date and therefore should be ordered carefully, inspected when received and issued promptly for use.

Certain controls are to be exercised while issuing materials. Materials can be broadly classified as consumable and non-consumable. The user departments are responsible for effective control of consumption of materials, especially consumables. The Storekeeper receives periodic indents and therefore has to watch out for any abnormal demand for a consumable item. It is easier for the storekeeper when materials are issued on replacement basis by which the old broken or unserviceable material or the empty container is produced as proof of consumption and need for replacement. It is necessary to control consumption in items such as brass, water taps, valves, motors and minor equipment. Suture materials, needles, syringes are also issued only on replacement basis for regulating consumption.

Disposal of Scrap

Disposal of scrap has to be done periodically. Non-saleable scrap which can be burned should be cleared then and there and sent to the incinerator. The saleable scrap has to be kept separately and disposed of periodically. It is better to keep an account of the items which can be sold in order to eliminate pilferage of saleable scrap.

Principles of Storing

The following principles of storing go a long way in exercising efficient control of stores:

1. All the materials must be identified and labelled. This helps in establishing their nature or identity.

2. Name, class and reference number should be borne by each item of material to be stored.

3. To indicate the materials stored in bins, racks, shelves, etc. must have signs or tags attached on them.

4. The storeroom should be divided into sections, and the materials/goods belonging to one particular class should be stored in each section.

5. In order to protect the materials from damage in storage, provision of proper storage space must be provided.

6. Floor plan showing the various sections of storeroom should be posted in different parts of the storeroom. This helps eliminating wastage of time in the location of a particular material.

Qualifications and Qualities of a Storekeeper

1. The minimum qualification is Matriculation or equivalent

2. He should have undergone apprenticeship and training in storekeeping in some appropriate training institute or organisation.

3. Adequate common sense to meet with different situations arising during the discharge of his duty.

4. Sound knowledge of the principles and practice followed in his job of storekeeping.
5. Sound health
6. A sharp memory.

Job Description of a Storekeeper

Job Knowledge: Must be familiar with perishable qualities of various materials, their shelf life with methods of storage. Should have knowledge of types of materials and equipment used in various departments. Should be familiar with the location of all materials in stores and physical layout of hospital. Should be able to plan Stores layout and establish procedures to insure rotation of stock.

Work to be performed

1. To supervise storage, control and issue of material and equipment.
2. To ascertain that supplies are received at proper time and in good condition.
3. To inspect storage conditions.
4. To advise on storage capacity of supplies not to be used immediately.
5. To maintain perpetual inventory and posting of all goods received into and issued from Stores.
6. To examine materials for damage and defects and accept or reject goods.

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ABC Analysis

1. Introduction

An organisation needs to stock goods for carrying out its activities. In order to control the stock as inventory, organisation incurs expenses. To optimise on managerial time, it is necessary to have selective control over certain goods. This method is called ABC - Always Better Control.

Certain goods are to be considered based on their importance to the process in the organisation. This is called VED.

2. Concept

ABC analysis is a new technique of classifying and controlling production and store inventories, both purchased and manufactured in accordance with value (price) of item. It is the starting point for material management. ABC analysis is the principle of selective control of inventories and a technique of grouping thousands of stock items handled in an organisation.

3. Example

Item	Price	Annual Need	Value in Rs.	ABC
1	0.05	10,000	500	C
2	100	80	8,000	B
3	2000	6	12,000	A

In graphical representation, the curve can be drawn with the following table

Class	% of items	Value of items
A	10%	70
B	20	20
C	70	10

4. Exercise

Item	Items needed annually	Value/kg.inRs.
1.	4000 kg	5.00
2.	150 kg	5.50
3.	1750 kg	4.00
4.	700 kg	8.00
5.	350 kg	8.00
6.	**700 kg**	**20.00**
7.	10800 kg	0.50
8.	4800 kg	1.20
9.	5250 kg	2.75
10.	120 kg	21.00
11.	144 kg	7.00
12.	2 kg	80.00

Item	Items needed annually	Value in Rs.
13.	4 kg	40.00
14.	960 kg	2.20
15.	1200 kg	4.80
16.	600 kg	3.60
17.	650 kg	0.60
18.	30 kg	60.00
19.		
20.		

Calculate the total value and classify them into A, B & C items. Describe how you would control inventory.

5. VED

Certain enterprises would like to classify their items into vital, essential and desirable items. For practical purposes, their cont l corresponds to ABC items, except in the treatment of each item. Each item of vital category is treated according to its merit.

6. Examples

Vital	Salt in cooking Value in cycle tube Vaccines in Community MCH
Essential	Starter in a Car Cough Syrup in Community MCH
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7.	10800 kg	0.50 — C
8.	4800 kg	1.20 — C
9.	5250 kg	2.75 — C
10.	120 kg	21.00 — B
11.	144 kg	7.00 — B
12.	2 kg	80.00 — A

Item	Items needed annually	Value in Rs.
13.	4 kg	40.00 – A
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7	10,800	50	C
			B

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Vendor Analysis & Selection.

1. To relate the principles of vendor rating

2. To develop a rating scale for analysing vendors

3. To select a suitable supplier for a given item of purchase

1. INTRODUCTION:

A. The ability to select reliable vendors is a mark of successful purchasing action. It is not always easy to identify good vendors. There is a saying "tell me who your suppliers are,& he will tell you what kind of a purchasing department you have". Therefore, an objective means of vendors appraisal is the best method to ensure identification of good vendors.

B. A good vendor rating system should produce results in better vendor performance. The people involved must be aware and understand its uses, the system should be specific to the organization.

2. KINDS OF RATING SYSTEMS

A. Using graphs and statistical ratings
B. Numerical rating systems
C. Based on basic purchasing responsibilities.

3. PURCHASING RESPONSIBILITIES

A. There are four basic purchasing responsibilities,

Price

time

quality

quantity

The four qualities measure overall purchasing and vendor performance.

B. Price

Price has four measurements

1. The price of items paid Vs the target price of items ordered. The actual performance is compared as a ratio of actual prices paid against a subjective target.

2. Actual buying expenses versus budgeted buying expenses.

3. Price savings achievements versus total purchasing expenses.

4. Number of items purchased versus number of buying items.

C. Purchase Performance Index

A rating scale assigns points on 100 points for quality, price and service. A typical rating scale would be

Quality	40
Price	35
Service	25
	100

The points may vary depending on the importance of each variable.

4. Example

1. Company A supplies Rs.10/- taps for wash basins. If all lots were not accepted, then the points would be reduced proportionately. Lets say that during one quarter, the company supplied 2000 acceptable taps against.2520 then the value is 31.2 out of 40 points.

2. For price, a list of all unit prices for taps is obtained. To this list transportation cost and cost of non recoverable defective materials are added. Then the lowest cost is given full points and to each of other higher costs the ratio of lowest cost Vs cost of higher cost is multiplied by 35 to arrive at the point for the supplier.

3. For service, the percentage of delivery promises actually met. If supplier has never missed delivery, they got 25 points.

4. In the composite rating, a total of 100 points is perfect. 90-100 is excellent, 80-89 is good, 70-79 is fair and below 70 is acceptable.

5. Exercise

RUHSA has been purchasing chicks from two suppliers. One of them for the last 2 years. Recently a competitior has approached RUHSA. In the past six months the records of the two suppliers are as follows.

The chicks of supplier A arrives on Thursday night by train and every week RUHSA vehicle redeives the chicks. In other words, in six months, 26 times expected, the suppliers did not send two times. Each week 1200 chicks are obtained plus 2% allowance for transmit mortality. The transport cost from station to RUHSA is about Rs.90/- per week. The price per chick is Rs.6.10/-.

Supplier B has supplied 1000 chicks every week. Their mode of supply is delivery at RUHSA on Thursday afternoon. Price per chick is Rs.6.05. They also provide 2% allowance for transit mortality. About 6 to 7 times the supply was 200 to 300 less than requested and two times more than requested and agreed. Once they intimated shortfall by telegram.

At the end of six months who would you rate as better supplier. For purchase decision, what other factors need to be considered to decide on the supplier.

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Quantitative Analysis for Decision Making - An Overview

By Dr. Thomas P. Benjamin

The manager or administrator in health concerns would like to choose that course of action which is most effective in attaining the goals of the organisation. The manager is often confronted with a variety of situations that call for his action. He is called to make a decision among several possible courses of action.

Decision Making

There are several types of decisions that a manager is confronted with. They may be classified as follows:

1. Decision under certainity. (All the facts are known for sure)
2. Decision under uncertainity. The event that will occur is not known for sure but probabilities can be assigned to the possible occurances.
3. Decisions made for one time period.
4. Decisions made for a sequence of interrelated decisions over several time periods.
5. Decisions on issues where the opponent is nature.
6. Decisions to be taken when the opponent is a thinking group.

To all decisions, there is a general processby which solutions are sought.

Example:

The pharmacy of the charitable hospital produce several drugs for use in the hospital. The pharmacy department has started to reduce the costs of drugs and therefore support the hospital and generate income by sale of drugs. A nearby hospital wanted one lakh units of a certain drug annually and was prepared to pay 0.50 paise per unit. The pharmacy department has excess capacity. Should the order be accepted.

Process of decision making:

1. Establish the criterion.

   The department exists to generate income. Profit is the major criterion.

2. Select a set of alternatives for consideration

   (a) Accept the offer

   (b) Reject the offer

3. Determine the model which will be used

   $E = a+bx$

   where

   E = total expense to produce the additional requirement of drug

   a = fixed cost for the manufacture of the additional quantity of the drug (Rs.5000/-)

   b = variable cost for the manufacture of the drug (Rs.0.33 ps per unit)

   x = Number of units to be produced (one lakh units)

   Total expense therefore is Rs.38,000/-

4. Determine which alternative optimises the criterion set.

Expected income	Rs.50,000
Expected expenses	Rs.38,000
Expected Profit	Rs.12,000

The results satisfies the profit criterion. Therefore accept the offer.

In order to help the decision maker, several models have been identified for use in management. Some of these models may be used in health administration.

The Mathematical Models:

1. Linear Programming:

Linear programming is a mathematical technique designed to assist an organisation in allocating its scarce resources.

Example:

The community development department of the Christian Hospital s a team of field workers employed to reach the community it has adopted. The department has two options for consideration.

Option	Number of contacts possible	Benefit to the community	Total benefit to the community
A	100 Persons per month	Rs.100/- per unit Contact	Rs.10,000
B	600 persons per month	Rs.15 per unit contact	Rs. 9,000

Since option A is more beneficial, the department choose 'A' in preference to 'B' if benefit to the community is the criterion. When the options are many and large in number, with several constraints, the solution becomes more complex. In such situations a feasable solution may be obtained using the linear programming technique.

2. Inventory Control

For purchase, storage and transport of raw materials models have been developed to economic on costs, effort and make transactions more efficient.

Example:

Expected annual demand (D), 3000 units
Carrying cost of inventory (C), Rs.3/- per unit per year
Cost of placing orders, Rs.5/- per order
Optimum order size, (EOQ)

$$Q = \frac{2KD}{C} = 100 \text{ units}$$

several such models have been developed to suit the different conditions that arise in storage and inventory control.

3. Utility as a basis for Decisions

Decisions are sometimes made to satisfy the expected utility rather than the expected monetary value. Under such conditions utility index have been developed to identify the utility value of the commodity.

Example

'A' situation entails a certain gift of tax free exemption worth Rs.one lakh.

'B' situation is the alternative choice with a probability of 50% chances of getting a gift of Rs.two lakh fifty thousand or 50% chances of not getting the gift at all depending on the person at the customs office.

The chance are, most people would choose 'A' to 'B' mathematically. 'B' is more attractive.

A = 1,00,000 x 1.0 = 1,00,00

B = 0.5 x 0 = 0

0.5 x 2,50,000 = 1,25,000

1,25,000 B is greater than A

4. Game Theory

Game theory is a mathematical model built to arrive at a solution when two independent competing entities are at opposite ends and want to arrive at a feasaibe solution.

Example

The union and the management of Christian Hospital have fixed a date for negotiation of the increase in wages for class III & Class IV workers of the hospital. The management would like to minimise the maximum increase in wages asked by the union. The union would like to maximise the minimum increase in wages the management would propose. Let us assume that the union and the management, with past history have had four strategies each. The union has strategies U1, U2, U3 & U4 out of a table with the expected increase in costs to the hospital if the two parties adopt the different combination of strategies. The matrix that emerges is as follows:

Union Strategies	Management Strategies M1	M2	M3	M4	Row Minimums
U1	20	15	12	35	12
U2	25	14	8	10	8
U3	40	2	10	5	2
U4	-5	4	11	0	-5
Column Maximums	40	15	12	35	

The figure 20 in U1, M1 indicates an increase of 20 lakh rupees annually to the hospital if the two parties decide to play the U1, M1 strategies on the day of the negotiations.

In this example, U1, M3 strategies will be the most feasable solution that may be agreeable to both parties, where the company has to bear an increase of twelve lakh rupees annually due to the wage increase, but is satisfactory to the union.

5. Queuing Theory

Queuing theory is primarily concerned with processes which have the characteristics of having random arrivals and the servicing of the customers is also a random process. If we assume there are costs associated with waiting in line and if there are costs of adding more channels we want to minimise the sum of the costs of waiting and the costs of providing service facilities.

Example

Assume patients for the medical office of a very large factory arrive at random, following a poisson process. The office can process patients at an average rate of five patients an hour (one at a time), the service process in also Poisson. Patients arrive at an average of four per hour (assuming the process in Poisson). The office operates 24 hours a day.

P = average number of customers arriving in one unit of time.
Q = average number of customers the facility services in one unit of time, assuming no shortage of customers.

n = number of patients either being services or waiting in the system

o 1 number in the queue excluding the one being serviced

w = the time the arrival has to wait in the queue.

$p = 4$ $\quad q = 5$ $\quad p/q = \angle 1$

$$n = \frac{p}{q-p} = 4 \qquad o = \frac{p2}{q(q-p)} = 3.2$$

$$w = \frac{o}{p} = 0.8 \text{ hr.}$$

In 24 hours, 96 patients (24 hrs. x p) arrive per day, on an average. The time lost by patients waiting in the queue therefore will be (px24 hours x w), 76.8 hours. That is, on an average a patient waits for 48 minutes to be attended to for about 12 minutes.

If the factory loses Rs.10/- per hour of the patients waiting time, then the company loses Rs.768/- per day (Rs.2,80,320 per year)

If the cost of operating one medical office for one year is about Rs.one lakh and fifty thousand, the factory can afford to open another medical office.

PR/IA/CMCH/VLR

(3)

ABC HOSPITAL

Income & Expenditure A/c. for the year ended 31.12.1988

Expenditure		Rs.	Income		Rs.
(1) Salaries and Provident Fund		15,20,000	Fees collected		
(2) Supplies	7,22,000		In-patients	19,84,000	
Add: Outstanding	35,000	7,57,000	Add: Outstanding	86,000	20,70,000
Office expenses (3)		41,000	Outpatient		3,76,000
(3) Repairs & Maintenance		2,78,000	Doctors Office		2,13,000
(4) Nursing School Expenses		84,000	Interest on Fixed Deposit		75,000
Miscellaneous expenses (5)		4,000	Nursing School Income		78,000
(6) Depreciation			Donation		20,000
on Building (5%)	93,000		Miscellaneous Receipts		12,000
on Equipment (10%)	26,000				
on Furniture (10%)	6,000				
on Electrical Fittings (10%)	2,000	1,27,000			
Excess of Income over Expenditure		33,000			
Total	Rs.	28,44,000	Total	Rs.	28,44,000

OPERATING EXPENDITURE
NON OPERATING EXPENDITURE

OPERATING INCOME
NON OPERATING INCOME

M 2-16

ABC HOSPITAL

BALANCE SHEET AS AT 31.12.1988

31.12.87 Rs.	Liabilities		31.12.88 Rs.
	Capital Fund		
33,00,000	Balance as on 1.1.1988 =	33,00,000	
	Add: Excess of Income over		
-	Expenditure =	33,000	
		33,33,000	
	Add: Additional Building		
-	Construction	2,39,000	35,72,000
	Building Fund		
3,10,000	Balance as on 1.1.1988	3,10,000	
-	Less: Building construction Expenses	2,39,000	71,000
2,000	P.F. Liability		2,000
-	Accounts Payable		34,000
	Sundry creditors		35,000
36,12,000			37,14,000

Current Asset — CA − CL = Working capital

Current Liabilities

(15)

ABC HOSPITAL

BALANCE SHEET AS AT 31.12.1988

31.12.87 Rs.	Assets	31.12.88 Rs.
25,27,000	Fixed Assets(as per Schedule)	26,84,000
44,000	Security Deposits	44,000
23,000	Festival Advance	23,000
-	Accounts Receivable	86,000
8,42,000	Fixed Deposit	8,42,000
6,000	Cash in hand	5,000
1,70,000	Cash at Bank	30,000
36,12,000		37,14,000

ABC HOSPITAL

Details of Fixed Assets as on 31.12.1988

(Rs. in thousands)

Sl. No.	Particulars	As on 1.1.88 Rs.	Additions Rs.	As on 31.12.88 Rs.	Rate of Depreciation Rs.	Depreciation			Written Down Value	
						As on 1.1.88	For the year	As on 31.12.88	31.12.87 Rs.	31.12.88 Rs.
1.	Land	615	-	615	-	-	-	-	615	615
2.	Building	2745	239	2984	5%	1132	93	1225	1613	1759
3.	Equipments	550	45	595	10%	334	26	360	216	235
4.	Furniture	223	-	223	10%	164	6	170	59	53
5.	Electrical Fittings	82	-	82	10%	58	2	60	24	22
	Total Rs.	4215	284	4499		1688	127	1815	2527	2684

NATURE OF THE STATEMENT

Comparative income statements and balance sheets for Hopeful Hospital are presented in figures 111 and 112. (The changes in the unrestricted fund balance are assumed to consist only of the net income figures as shown within the fund balance section of the balance sheets. Consequently, a separate statement of changes in fund balances is not presented here.) Clearly, these statements provide a considerable amount of essential information concerning the operating results and financial position of Hopeful Hospital. Intelligent decision making, either by the hospital's management or by interested external parties, requires such information. Is the information provided in these statements alone sufficient to the needs of management and external users? Is the information complete: does it clearly reflect all significant investing and financing activities of the hospital during 1977 and 1978? Do income statements and balance sheets alone adequately depict the flow of resources into and out from the hospital enterprise? In each instance, the answer is no.

Figure 111
Hopeful Hospital
Comparative Income Statements
Years Ended December 31, 1978 and 1977

	1978	1977
Gross patient service revenues	$9,490	$8,870
Less deductions from revenues	890	780
Net patient service revenues	8,600	8,090
Other operating revenues	633	519
Total operating revenues	9,233	8,609
Less operating expenses:		
Nursing services	3,188	2,995
Other professional services	2,030	1,920
General services	1,610	1,540
Fiscal and administrative services	1,460	1,370
Depreciation	540	465
Other	315	292
Total operating expenses	9,143	8,582
Operating income	90	27
Nonoperating income	195	154
Net income for the year	$ 285	$ 181

Certain important changes in financial position and certain vital aspects of the financing and investing (capital) activities of Hopeful Hospital are not disclosed by or made clearly apparent from an examination of its income statements and balance sheets. Consider, for example, the following items drawn from the balance sheets in figure 112:

	1978	1977
Long-term investments	$1,010	$ 600

PR/IA/CMCH/VLR

(1)

ABC HOSPITAL

Receipts and Payments A/c. for the year ended 31.12.1988

Receipts	Rs.	Payments	Rs.
Opening Balances:		Salaries and Provident	15,20,000
Cash in hand	6,000	Supplies	7,22,000
Cash at Bank	1,70,000	Office expenses	41,000
Fees collected		Repairs and Maintenance	2,78,000
In-patients	19,84,000	Construction/Extension	2,39,000
Out patients	3,76,000	Purchase of Equipments	45,000
Doctors Office	2,13,000	Nursing School Expenses	84,000
Interest on Fixed Deposit	75,000	Miscellaneous expenses	4,000
Nursing School Income	78,000	Closing Balances:	
Loan	34,000	Cash in hand	5,000
Donation	20,000	Cash at Bank	30,000
Miscellaneous Receipts	12,000		
Total Rs.	29,68,000	Total Rs.	29,68,000

Class at CMC
Mr. Rajamanickam

(1) Calculation of working capital
compare with previous Review
Advice on increase / Decrease I in WC

(2) Funds provided by operating
(1) Further 83,000
Depn. 73,000
1,06,000

(2) Depn 80,000
Depn 70,000
9,000

PR/IA/CMCH/VLR

(3)

ABC HOSPITAL

Income & Expenditure A/c. for the year ended 31.12.1988

Expenditure		Rs.	Income		Rs.
(1) Salaries and Provident Fund		15,20,000	Fees collected		
(2) Supplies	7,22,000		In-patients	19,84,000	
Add: Outstanding	35,000	7,57,000	Add: Outstanding	86,000	20,70,000
Office expenses (3)		41,000	Outpatient		3,76,000
(3) Repairs & Maintenance		2,78,000	Doctors Office		2,13,000
(4) Nursing School Expenses		84,000	Interest on Fixed Deposit		75,000
Miscellaneous expenses (5)		4,000	Nursing School Income		78,000
(6) Depreciation			Donation		20,000
on Building (5%)	93,000		Miscellaneous Receipts		12,000
on Equipment (10%)	26,000				
on Furniture (10%)	6,000				
on Electrical Fittings (10%)	2,000	1,27,000			
Excess of Income over Expenditure		33,000			
Total	Rs.	28,44,000	Total	Rs.	28,44,900

OPERATING EXPENDITURE
NON OPERATING EXPENDITURE

OPERATING INCOME
NON OPERATING INCOME

M 2-16

XYZ Canteen

Income & Expenditure Account for the year ended 31.12.88

Expenditure	Rs.	Income	Rs.
Catering materials	9,77,377	Boarding Charges	14,09,200
Fuel Expenses	45,502	Membership Fees	825
Salaries & P.F.	2,69,403	Interest on Fixed Deposit	4,302
Newspaper & Periodicals	822	Miscellaneous Receipts	7,341
Postage & Telephone	4,235		
Printing & Stationery	5,058		
Travel & Conveyance	720		
Light & Power	20,198		
Audit Fees & Expenses	1,500		
Repairs & Renewals	12,009		
Contribution to Head Office	25,000		
Staff Welfare	11,372		
Sundry Expenses	6,566		
Provision for Gratuity	8,963		
Cooly and Cartage	1,450		
Sundry Articles	1,363		
Depreciation	23,547		
Excess of Income over Expenditure	6,583		
Total Rs.	14,21,668	Total Rs.	14,21,668

M 2.17

XYZ CANTEEN

BALANCE SHEET AS AT 31.12.88

Liabilities		Rs. Ps.	Assets	Rs. Ps.
Outstanding creditors for expenses and supplies		1,24,104	Current Assets:	
Security Deposit		1,500	Cash in hand	4,828
Board Deposit		21,035	Cash at Central Bank of India	9,048
Activities Club		707	Petty Cash in hand	425
Gratuity Fund		58,716	Stamps in hand	15
Equipment Replacement Fund		30,000	Cash in Savings Account	5,500
Provision for Major Repairs		7,500	Sundry Debtors	55,374
Capital Fund			Accrued Interest	9,449
Balance on 1.1.88	89,426		Advance to staff	21,050
Add: Excess of Income over Expenditure	6,583	96,009	Sundry Advance	500
			Deposit with Traders	9,000
			Investments:	
			Fixed Deposit with Central Bank of India	60,500
			Shares in Co-operative Society	200
			Fixed Assets:	
			Food stock	35,830
			Fuel stock	1,022
			Linen stock	4,785
			Crockery & cutlery	4,185
			Furniture	4,430
			Equipments	85,680
			Electrical Fittings	27,750
Total Rs.		3,39,571	Total Rs.	3,39,571

ALPHA CANTEEN

Comparative Statement of Income & Expenditure

	%	1986-87	%	1987-88	Increase	Decrease
INCOME:						
Board Charges	100.0	15,73,545	100.0	17,45,673	11.1	-
Other income	0.8	12,150	0.6	15,844	-	-
Total	100.8	15,85,695	100.6	17,64,517		
EXPENDITURE:						
Materials:						
Catering Expenses (including fuel etc)	68.4	10,76,009	69,6	12,19,744	13.4	-
LABOUR:						
Salaries & wages-P.F etc.	20.9	3,28,321	19.7	3,49,999	5.1	-
Gift to staff	0.5	8,672	0.6	10,484	20.9	-
Staff welfare	0.4	6,044	0.4	7,316	21.0	-
Provision for Gratuity	2.6	41,709	2.4	42,463	1.8	-
EXPENSES:						
Maintenance and other expenses:	5.6	87,570	6.0	1,05,242	20.2	-
Contribution to [illegible]	1.9	30,000	1.7	30,000	-	-
Excess of Income over Expenditure	0.5	~~EXX~~ 7,370	0.2	4,269	-	42.0
Total	100.8	15,85,695	100.6	17,64,517		

ALPHA CANTEEN

STATEMENT OF FINANCIAL POSITION AS ON 31st MARCH'88

		RS	RS
A.	CURRENT ASSETS:		
	Cash in Hand	11,013	
	Stamps in Hand	15	
	Cash in Current Account	13,809	
	Cash in Saving Account	4,876	
	Cash in Fixed Deposits	77,199	
	Accrued Interest	6,683	
	Debtors	48,163	
	Advance to Staff	13,273	
	Stock	45,950	
		----------	2,20,981
B.	FIXED ASSETS:		
	Deposits with Traders	2,290	
	Investments	100	
	Linen	3,435	
	Crockery ,Cutlery Stock	8,714	
	Furniture	4,992	
	Equipments	51,291	
	Electrical Fittings	2,901	
		---------	73,723
			2,94,704
C.	CURRENT LIABLITIES:		
	Sundry Creditors	1,17,319	
	Activities	707	
	Provision for Gratuity	49,753	
	Provision for Repairs	7,500	
		----------	1,75,279
	Net total of (A+B/ - C)		1,19,425

REPRESENTED BY FUND BALANCES:

Equipment Replacement Fund	30,000	
Plant Capital	~~66,540~~ 71,333	
General Reserve	~~22,885~~ 18,092	
	---------	1,19,425

Figure 114
Hopeful Hospital
Statement of Changes in Financial Position
Year Ended December 31, 1978

Sources of Working Capital:		
Funds generated by operations (schedule 1)	$ 832	
Issue of 6% bonds	3,000	
Sale of long-term investments	49	
Sale of plant assets	54	
Total sources		$3,935
Applications of Working Capital:		
Retirement of 7% bonds	2,400	
Purchase of long-term investments	450	
Purchase of plant assets	940	
Total applications		3,790
Increase in working capital (schedule 2)		$ 145

Schedule 1:

Net income for the year		$285
Add items deducted in income statement but not requiring the use of working capital		
Depreciation expense	$540	
Loss on sale of plant assets	16	556
Total		841
Less items included in income statement but not providing working capital		
Gain on sale of long-term investments		9
Working capital provided by operations		$832

Schedule 2:

	December 31		Increase
	1978	1977	(Decrease)
Cash	$ 124	$ 280	$ (156)
Accrued interest receivable	45	30	15
Accounts receivable (net)	1,536	1,340	196
Inventories	175	140	35
Prepaid expenses	32	40	(8)
Total current assets	1,912	1,830	82
Accounts payable	302	370	(68)
Accrued expenses payable	208	220	(12)
Deferred revenues	77	60	17
Total current liabilities	587	650	(63)
Working capital	$1,325	$1,180	$ 145

S J. CHANDER
M 2.18

B.R

Administration of Fringe Benefits, Welfare Amenities and Terminal Benefits

VK CALLA

I. AN OVERVIEW

In the villages in India, workmen were generally paid in kind. Somehow this system persisted in industry, albeit as an adjunct. The "paternalistic" industrialist tried to improve his image by providing many supplementary benefits, hoping thereby to attract or retain "better" workmen. In times of scarcity, war, etc., such benefits as "Grainshops" certainly eased the pressure on the public distribution system. They also provided tax relief to both the employers and the employees. To achieve their objectives these benefits have to be administered in abusiness like manner and there has to be a strict financial audit and control over the same. They have also to be judiciously selected in response to a felt need'. Then only will they lead to meaningful adjunct to the pay packet.

II. What are fringe benefits

All supplementary benefits, in addition to wages, generally in kind, but sometimes in cash, which flow to the employee, from the employer and to whom they constitute "cost" - constitute what are generally termed as fringe benefits in Industry. They encompass the period from the time one is recruited, or is retained in service or even when one has retired. They may constitute many "allowances" like the "bad climate" allowance . . . . or city allowance or transport allowance or may comprise of such facilities as sports club, free library or hobby clubs - organised by the employer for the employees benefit. They also fulfil a social need.

III. Their History

No doubt, they grew out of the "paternalistic" approach of the employers towards the employees. History also played its part and in some instances, the employers did think that certain "allowances" would not be included in the definition of wages, and hence were introduced. Many a time tax relief was given for such welfare amenities and hence they were introduced. Some were introduced, like the grainship, etc., to supplement the public distribution system. But they all tended to improve hopefully to garnish the public image of the cooperatives which hoped to attract or retain better employees.

IV. Various types of fringe benefits

A. Cash Allowances: If an employee performed any auxillary duties, in addition to his substantive duties, or if his "major" duties involved considerable risk, hazard or unpleasant working conditions, these were compensated by allowances, which were unrelated to the basic wages. Examples can be cited as:

a. Tiffin allowance - where one had to travel distances away and where canteen subsidised meals were not available.
b. Bad climate allowance for working in areas/locations where working conditions were not conducive to good health and well bring.
c. Cash allowance for handling large amounts of cash.
d. "Sunday work" allowance for working, and thereby being deprived of the social conveniences, on a holiday/Sunday.
e. "Good conduct" pay - where watchman/workmen show excellent results due to their deligience, vigelence.
f. No accident bonus for motor vehicle drivers.

B. Benefits in Kind

a. Uniforms to all workmen , even though no law enjoins such uniforms.
b. Washing arrangements for the above uniforms (or washing allowance in lieu).
c. Medical benefits - supplementing the ESI benefits.
d. Housing
e. Transport arrangements to and from work.
f. Schools for children.
g. Sports clubs, dramatic clubs, free library, cinema shows.
h. Celebration of founders' day, important festivals, independence and republic days and distribution of gifts.
i. Long service awared to all employees, after specified number of years being put in.
j. Welfare fund/death relief fund, where benefits are bestowed upon employees, on specific events, e.g. Industrial tours, deaths, etc.
k. Retirement gifts, pension, etc.

C. Supplementary income for wives and children of employees

a. work centres for wives, where they can learn useful skills like stitching, flow decorations, etc., and thereby earn money in their spare time.
b. scholarships for outstanding children to help them go through their education.

D. Educational and cultural activities

a. Filmshows on public health and hygiene and family planning.
b. Dramatics
c. Hobby clubs
d. Talks, lectures, seminars etc.

V. Statutory Fringe Benefits

Provision of fringe benefits by the employers notwithstanding, the government has passed various laws wherein provision has been made for facilities to workmen.

For example under the Factories Act, 1948, cool water, canteens, creches, washing facilities, etc., have to be provided.

Under the Employees, Provident Fund Act 1952, and the Payment of Gratuities Act 1971, when an employee retires he has to be paid Gratuity at specified rates and he has to be paid his provident fund accumulations on superannuation.

Since these are statutory obligations, these may not fall within the definition of Fringe Benefits. But if an employer gave gifts or beyond the limits set in by these acts, those differential benefits could be included in the definitions.

Similarly, various states have passed Labour Welfare Fund Acts, wherein provision is made to constitute a contributory fund, by the employers and employee, out of which welfare programmes for the employees are financed. These are a supplementary benefit to the employees.

VI. Their administration

a. It has been the experience that these ventures must be jointly administered.
b. These are non-controversial areas, for the common good, and hence union rivalries should not be allowed to creep in.
c. Such an approach will help them to learn and get trained in the act of participative administration.
d. Vision is needed in blending all the various kinds in a manner that will answer the felt needs of the employees.
e. A strict financial control is needed in all the transactions.
f. Audited accounts and the annual report should be presented regularly.
g. These activities should be carried out in the "open" and no hush-hush atmosphere should prevail. One way is to ensure that monthly reports are published for the benefit of all or that observers are invited to "sin in" on the meetings.
h. These benefits are not "favours" to be manipulated by either party to patronise selected few.
i. The progress of all these schemes should be reviews periodically. If they have outlived their utility, they should be discarded.
j. As the felt need arises, new projects must be devised.
k. Whether there should be free or be on contributory (nominal for employees) would depend on each factory.

VII. Conclusion

In this manner only the objectives for which the fringe benefits, retirement benefits and welfare schemes are deviced can be achieved.

* * *

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L H

Financial Budgetting

Definition

A budget may be defined as a financial and/or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital. Budgeting deals with the creation ofbudgets. Budgets are usually prepared annually, butmay be updated during the year.

Purpose

Budgets are needed for three reasons:

1. To show the financial implications of plans.
2. To define the resources required to achieve the plans.
3. To provide a means of measuring, monitoring and controlling results against the plans.

Benefits

Budgets translate policy into financial terms, which in an organisation is the only way in which, ultimately, policies can be expressed. It is certainly the only basis upon which control can be xercised. Budgetary control is the only basis upon which performance can be monitored and consequently improved.

Budgeting forsees people to plan ahead, anticipate problems, and avoid waste. A budget also tells you how you are progressing against your plans because it shows you how the expenditure actually incurred compares with the expenditure which was planned. Unless you have a budget for every item of expense, expenditure is likely to go out of hand.

Advantages and Disadvantages of Budgeting

The advantages of budgeting are as follows:

1) Budgets help coordinate all functions of the organisation.
2) Budgets provide overall guidelines for achieving organisational objectives.
3) Budgets are valuable in analysing planned operations.
4) Since budgets formalize expectations, they can be used to judge performance in relation to those objectives.
5) Because budgets serve as indicators of future events, they help management predict problems and take corrective action.

The disadvantages of budgeting are as follows:

1) Budgets may restrict the organisation to following only one plan ofaction.
2) Unrealistic objectives made by management may resultin negative employee reaction if those objectives cannot be met.
3) Specific department may lose any incentive to control costs if supervisors and employees believe that unless budgeted amounts are spent in a current period, smaller amounts will be allocated for the next period.

Institutions which receive foreign contributions are usually required to present a budget to the funding agency, on the economics of the projects proposed. The budgeting also acts as a sanction to the chief executive for the expenditure and commitments and any expenditure beyond the budget limit may need the approval of the management committee.

The purpose of any budget is to plan the course of activities and budgetary control necessarily involves constant watch on the actuals as against the budgeted figures. Actual performances are compared with the budgeted figures at the end of each budget period and the variances are studied. Variances may be favourable or unfavourable. Where the actuals are less than the budgeted figures, it is called "Favourable Variance (F)", and the actuals in excess of budgeted figure is called "Adverse Variance (A)". Variances may also be expressed in percentages of the budgeted figures, so that the relative seriousness is indicated. Any deviation, whether Adverse (A) or Favourable (F) has to be carefully studied since favourable variance (F) may also indicate non-implementation of certain programmes originally envisaged. Similarly, an Adverse Variance (A) may be caused due to inefficiency, on cost-escalation or due to certain commitments originally not envisaged.

Where the circumstances change on where there is a change in thinking, thus requiring budgeted estimates to be altered or modified, the management committee may revise the budget accordingly.

A simple budget analysis to study the deviations may be as follows:

	Budget	Actual	Variance	
			A*	F*
Receipts				
Subscription, grants, donations etc.				
Less: Workshop/programme expenses				
Less: Capital commitments				
Less: Administrative overheads				
Surplus/Deficit				

A* - Adverse F* - Favourable

Budget may again be classified as capital budget and revenue budget. Capital budget will only reflect the grants, donations etc. With specific purposes and the capital commitments proposed. Whereas the revenue budget would reflect receipts of general nature and routine and recurring expenses like programme expenses, allowances, administrative overheads, office maintenance etc.

While preparing a budget, one should distinguish between capital and revenue, and between fixed and variable expenses. Fixed expenses occur irrespective of the volume of the activities, whereas variable expenses may vary on the basis of activities. Fixed expenses (Rent, salary etc.)

Variable expenses (travelling, programmes, meets etc.)

A properly executed budgetary plan is one of the most useful tools of management resulting from the accounting plan and should lead to improved financial results. This plan includes three major budgets:

1. The Operating Budget - which consists of the accumulated estimates of operating revenues and expenses for the next financial year (s).
2. The Capital Budget - consists of investment in assets to be acquired during the year.
3. The Cash Budget - consists of accumulated estimates of monetary flow requirements and the source of funds for the budget period. A cash budget can be dfeined as a schedule of future cash receipts and payments.

Operating Budget

Proforma for Budget Preparation

Income/Expense Heads	Actual Last year	Current Year		Budget Next year	
		Budget	Actual	Proposed	Approved

Budget Preparation

The preparation of an operating budget and capital budget is initiated by the accountant/business manager by preparing a financially viable framework and requesting department heads to forecast their income, expenses and capital needs for the coming fiscal period. Budget statements and supporting schedules are then reviewed and consolidated by the budget committee and finally approved by the governing board. The cash budget is prepared by the accountant after finalisation of the other budgets.

Departmental Budgets

Set out what needs to be spent in each department for achieving the targets, for research and development programmes and for providing the administrative and service facilities required to run the organisation. They will be based on forecast and budgeted activity levels. Each departmental budget will set out staff on labour costs and the costs of any activities controlled by the department. In addition:

The administration budget will cover the costs of all central services provided by finance, personnel, management services, legal, property, public relations, pensions and the organisation office. Any other expenses such as insurance, depreciations and outside professional services which cannot be changed directly to other departments will be included in this budget, which will be divided into sections for each service department or area.

The research and development budget will cover all the research and development expenses of the company, including the operation of research establishments, the costs of buying external research and the costs of any material used.

The Capital Budget

Forecasts will cover all capital investments on equipment needed in the budget year. Each department will be required to submit its own capital expenditure proposals which will be incorporated into the capital budget as long as they are accepted as forming a valid part of the long-term capital investment programme.

The Cash Budget: translates the operating budgets for each function and department which have been prepared as revenues and expenses in to cash inflows and outflows. The object of the cash budget is to ensure that the right amount of cash is on hand to operate the business, yet at the same time to ensure that no cash is lying idle. It is necessary to plan and budget for the inflow and outflow of cash from all other sources so that a funds flow budget can be prepared and cash flows controlled against that budget.

The Master budget will corollate all the information prepared during the budgeting process. Besides setting out the operating capital and cash budgets, the master budget will include a balance sheet, a Income and Expenditure account, and a source and application of funds statement. Departmental budgets will be prepared which will be the basis for controlling expenses.

Finance Management mr. chander. M 2.19

Financial Budgetting

Definition

A budget may be defined as a financial and/or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital. Budgeting deals with the creation ofbudgets. Budgets are usually prepared annually, butmay be updated during the year.

Purpose

Budgets are needed for three reasons:

1. To show the financial implications of plans.
2. To define the resources required to achieve the plans.
3. To provide a means of measuring, monitoring and controlling results against the plans.

Benefits

Budgets translate policy into financial terms, which in an organisation is the only way in which, ultimately, policies can be expressed. It is certainly the only basis upon which control can be exercised. Budgetary control is the only basis upon which performance can be monitored and consequently improved.

Budgeting forsees people to plan ahead, anticipate problems, and avoid waste. A budget also tells you how you are progressing against your plans because it shows you how the expenditure actually incurred compares with the expenditure which was planned. Unless you have a budget for every item of expense, expenditure is likely to go out of hand.

Advantages and Disadvantages of Budgeting

The advantages of budgeting are as follows:

1) Budgets help coordinate all functions of the organisation.
2) Budgets provide overall guidelines for achieving organisational objectives.
3) Budgets are valuable in analysing planned operations.
4) Since budgets formalize expectations, they can be used to judge performance in relation to those objectives.
5) Because budgets serve as indicators of future events, they help management predict problems and take corrective action.

The disadvantages of budgeting are as follows:

1) Budgets may restrict the organisation to following only one plan ofaction.
2) Unrealistic objectives made by management may resultin negative employee reaction if those objectives cannot be met.
3) Specific department may lose any incentive to control costs if supervisors and employees believe that unless budgeted amounts are spent in a current period, smaller amounts will be allocated for the next period.

Institutions which receive foreign contributions are usually required to present a budget to the funding agency, on the economics of the projects proposed. The budgeting also acts as a sanction to the chief executive for the expenditure and commitments and any expenditure beyond the budget limit may need the approval of the management committee.

The purpose of any budget is to plan the course of activities and budgetary control necessarily involves constant watch on the actuals as against the budgeted figures. Actual performances are compared with the budgeted figures at the end of each budget period and the variances are studied. Variances may be favourable or unfavourable. Where the actuals are less than the budgeted figures, it is called "Favourable Variance (F)", and the actuals in excess of budgeted figure is called "Adverse Variance (A)". Variances may also be expressed in percentages of the budgeted figures, so that the relative seriousness is indicated. Any deviation, whether Adverse (A) or Favourable (F) has to be carefully studied since favourable variance (F) may also indicate non-implementation of certain programmes originally envisaged. Similarly, an Adverse Variance (A) may be caused due to inefficiency on cost-escalation or due to certain commitments original not envisaged.

Where the circumstances change on where there is a change in thinking, thus requiring budgeted estimates to be altered or modified, the management committee may revise the budget accordingly.

A simple budget analysis to study the deviations may be as follows:

	Budget	Actual	Variance	
			A*	F*
Receipts				
Subscription, grants, donations etc.				
Less: Workshop/programme expenses				
Less: Capital commitments				
Less: Administrative overheads				
Surplus/Deficit				

A* - Adverse F* - Favourable

Budget may again be classified as capital budget and revenue budget. Capital budget will only reflect the grants, donations etc. With specific purposes and the capital commitments proposed. Whereas the revenue budget would reflect receipts of general nature and routine and recurring expenses like programme expenses, allowances, administrative overheads, office maintenance etc.

While preparing a budget, one should distinguish between capital and revenue, and between fixed and variable expenses. Fixed expenses occur irrespective of the volume of the activities, whereas variable expenses may vary on the basis of activities. Fixed expenses (Rent, salary etc.)

Variable expenses (travelling, programmes, meets etc.)

A properly executed budgetary plan is one of the most useful tools of management resulting from the accounting plan and should lead to improved financial results. This plan includes three major budgets:

1. The Operating Budget - which consists of the accumulated estimates of operating revenues and expenses for the next financial year (s).
2. The Capital Budget - consists of investment in assets to be acquired during the year.
3. The Cash Budget - consists of accumulated estimates of monetary flow requirements and the source of funds for the budget period. A cash budget can be dfeined as a schedule of future cash receipts and payments.

Operating Budget

Proforma for Budget Preparation

Income/Expense Heads	Actual Last year	Current Year		Budget Next year	
		Budget	Actual	Proposed	Approved

Budget Preparation

The preparation of an operating budget and capital budget is initiated by the accountant/business manager by preparing a financially viable framework and requesting department heads to forecast their income, expenses and capital needs for the coming fiscal period. Budget statements and supporting schedules are then reviewed and consolidated by the budget committee and finally approved by the governing board. The cash budget is prepared by the accountant after finalisation of the other budgets.

partmental Budgets

Set out what needs to be spent in each department for achieving the targets, for research and development programmes and for providing the administrative and service facilities required to run the organisation. They will be based on forecast and budgeted activity levels. Each departmental budget will set out staff on labour costs and the costs of any activities controlled by the department. In addition:

The administration budget will cover the costs of all central services provided by finance, personnel, management services, legal, property, public relations, pensions and the organisationoffice. Any other expenses such as insurance, depreciations and outside professional services which cannot be changed directly to other departments will be included in this budget, which will be divided intosections for each service department on area.

The research and development budget will cover all the research and development expenses of the company, including the operation of research establishments, the costs of buying external research and the costs of any material used.

The Capital Budget

Forecasts will cover all capital investments on equipment needed in the budget year. Each department will be required to submit its own capital expenditure proposals which will be incorporated into the capital budget as long as they are accepted as forming a valid part of the long-term capital investment programme.

The Cash Budget: translates the operating budgets for each function and department which have been prepared as revenues and expenses in to cash inflows and outflows. The object of the cash budget is to ensure that the right amount of cash is on hand to operate the business, yet at the same time to ensure that no cash is lying idle. It is necessary to plan and budget for the inflow and outflow of cash from all other sources so that a funds flow budget can be prepared and cash flows controlled against that budget.

The Master budget will corollate all the information prepared during the budgeting process. Besides setting out the operating capital and cash budgets, the master budget will include a balance sheet, a Income and Expenditure account, and a source and application of funds statement. Departmental budgets will be prepared which will be the basis for controlling expenses.

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FUNDAMENTALS OF BOOK-KEEPING

Financial Accounting is the process of recording, classifying, summarising and interpreting financial transactions. Book-keeping is the art of keeping accounts in a regular and systematic manner.

The purposes for maintaining accounts are:

- To keep track of day-to-day financial transactions
- To determine the net result of operations of an institution over a period of time.
- To know at any given time, the level of stock, cash/bank balances, value of assets, what is due and what is owed for effective control over different assets and liabilities.
- To provide required information and submit reports/returns to donors, statutory authorities, government agencies and others as required.
- To help the management in planning, controlling and decision-making in all financial matters.

Principles of Accountancy

Accounting statements are not only required by the management for it's own use, but by many others like potential donors, funding agencies and Government departments. It is therefore important that the information conveyed through the financial statements is understood by all persons using them, in the same sense that was orignianny intended. To ensure this, a universal accounting language has been scientific ally developed with clear guidelines known as'Principles of Accountancy'.

1. The Entity Concept: In this principle, the owner/management and other institutions like hospitals are treated as seperate and distinct entities. The financial transactions are recorded in the books of accounts from the point of view of the institution as an entity.

2. The Accrual Basis of Accountancy: The accrual basis of accounting is founded on the principle that, to properly measure the net income of a business for a given period of time, it is essential that all the revenue earned during that period and all the related expenses assignable to the period be considered. This process of matching the revenue of a period with the expenses of that period, regardless of when, whether or how much cash has been received or paid, is the central goal of the accrual basis of accounting.

3. The Transactions Concept: Given that a Community Health Project is an accounting entity, the results of the transactions affecting that entity must be included in the accounting records and reports.

4. The Cost Valuation Concept: The cost or the price paid to acquire an item is generally the most useful basis of valuation for purposes of the permanent accounting record.

5. The Double Entry Concept: The accounting records should not only reflect, on a cost basis, all transactions of the entity, but also be constructed in such a manner as to reflect the two aspects of each transaction, ie. the change in asset forms or the change in assets, and the change in the source of financing - liabilities.

6. The matching Concept: If the results of a particular operation are to be described objectively, not only must income and expenses of the same accounting period be brought together, but also associated revenues and expense items must be matched in order to properly determine net income.

7. The Accounting Period Concept: The management of an agency periodically needs to know 'how things are going'. This can be done by preparing a statement of account which will give a consolidated picture of all transactions during a particular period. At what intervals are such statements prepared? A twelve month period is normally adopted for this purpose. This time interval is called accounting period.

8. The Money Measurement Concept: Under this principle, all transactions are recorded in terms of money. Any event that cannot be expressed in terms of money is not recorded in the account books.

9. The Verifiable Objective Evidence Concept: This concept means that all accounting transactions should be evidenced and supported by documents. These supporting documents eg. invoices, correspondence, vouchers etc. provide the basis for making accounting entries and for later verification by auditors.

BASIC TERMS IN ACCOUNTANCY:

1. Assets:

Assets are things of value owned, Anything that will enable the institution to get cash or a benefit in future is an asset. Money owing by clients/patients, stock of goods, cash, furniture, equipments, buildings etc. are all assets.

2. Liabilities:

Amounts which the institution owes to persons such as suppliers, banks, staff and contractors.

3. Capital Fund:

The total investment in the business/institution through contributions from owners/donors.

4. Capital Expenditure and Revenue Expenditure:

Capital expenditure is either that incurred in the purchase of fixed assets or that which adds to the value of fixed assets. Examples of this form of expenditure are improvements to buildings, the purchase of additional machinery, legal costs incurred in the purchase of building and of course the purchase price of the building.

Revenue expenditure is that which does not add to the value of fixed assets, but merely the costs incurred in running the business during a particular period. Examples of revenue expenditure are repairs to building, maintenance charges, travel expenses etc.

5. Debtor:

A person who owes money to the institution.

6. Creditor:

A person to whom money is owing by the institution

7. Transaction:

Any exchange of goods or services for cash. Transfer of money's worth from one party to another, for eg. purchase of furniture, sale of goods etc.

8. Entry:

The record made in the books of accounts in respect of a transaction.

9. Books of Accounts:

The collection of registers in which recording of accounts is done.

10. Debit and Credit:

When used as a noun, a debit is an entry on the left side and a credit is an entry on the right side of an account. As an adjuctive, the debit side of an account is the left side and the credit side is the right side. As a verb, to debit is to make an entry on the left side and to credit is to make an entry on the right side of an account.

Debit indicates	Credit indicates
Asset increase	Asset decrease
Liability decrease	Liability increase
Capital decrease	Capital increase
Income decrease	Income increase
Expense increase	Expense decrease

11. Debit/Credit balance:

When the present status of an account is desired, it is ascertained by adding all the debit items and writing their total in small pencil figures below the last line used and by doing the same for the credit items. The difference between the total debits and total credits, which is called the balance, is written below the total of the larger side. The balance is a debit balance when the debit side is the larger and a credit balance when the credit side is the larger.

12. Depreciation:

A decrease in the value of a fixed asset due to passage of time, wear and tear, obsolescence or inadequacy.

13. Receipts and Payments:

Receipts are amounts actually received and payments are amounts actually paid, Receipt and payment accounts are a summary of the cash book for the period.

14. Income and Expenditure:

Income is the revenue earned during a given period and expenditure consists of those costs consumed during the period.

15. Accounts Receivable:

Amounts collectible from clients for services rendered on credit. It could include amounts clearly committed to the institution but are yet to be received from the donors.

16. Accounts Payable:

Amounts payable to suppliers or contractors for the acquisition of goods or services on credit basis.

The concept of double entry book-keeping:

1. Accounting transaction:

A business/accounting transaction involves an exchange of values. It is the occurrence of an event or a condition that is financial in nature and should be recorded in terms of money eg.purchases and sales of goods or services.

2. Every transaction affects a minimum of two accounts:

Every transaction has two aspects. If an institution has acquired an asset, it must have resulted in one of the following:

i) Some other asset has been given up
ii) The obligation to pay has arisen
iii) There has been a profit, leading to an increase in the capital fund.
iv) A donor has contributed money for the acquisition of the asset.

The reverse is also true. If for instance, there is an increase in the money owed to others, there must have been an increase in assets or a loss.

At any time:

Assets = Liabilities + Capital or
Capital = Assets - Liabilities

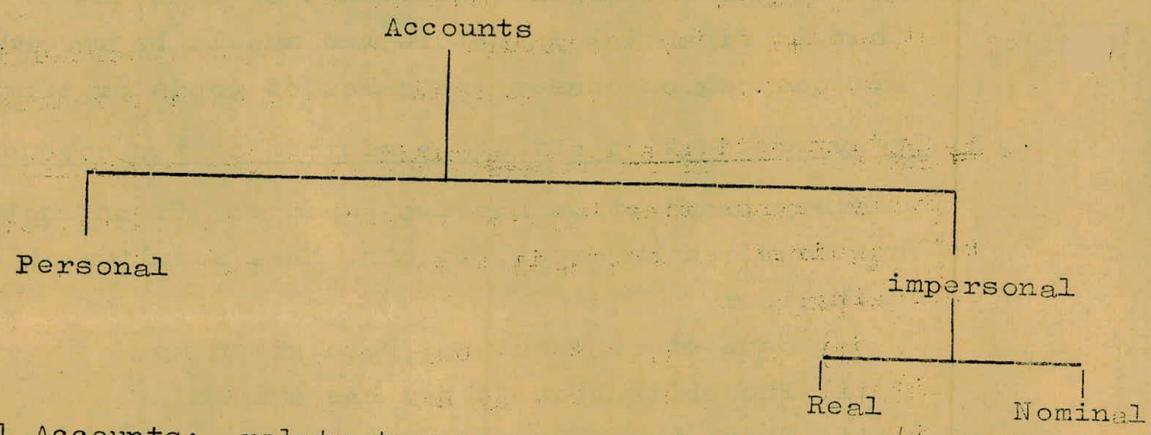
A transaction must effect one of the three items - Capital, Assets or Liabilities.

3. Du al Elements in every transaction:

In any transaction, the presence of the dual element is evident; in the fact that on one hand a commodity, right or service is received, and on the other hand a commodity right or service is given up. An exchange takes place. Thus one account receives benefit and another account parts with benefit.

Classification of Accounts

Account means a statement setting out for a period all the transactions relating to a person, a thing on any other subjects, the benefits received being on one side and the benefits given being on the other. Thus if a statement is prepared for a customer, showing on one side the various credit sales made to him and, on the other, the various payments received from him, thus showing the amount still due from him, the statement will be known as an account. The 'Bank Pass-Book' is a good example of an account - it is a copy of the clients account in the bank books. Accounts are of various types:



Personal Accounts: relate to persons - customers, suppliers, patients, contractors or banks.

Real Accounts relate to assets

Nominal Accounts relate to expenses, losses and income

Rules of double-entry

1. Personal Accounts - Debit the receiver
   Credit the giver

2. Real Accounts - Debit what comes in
   Credit what goes out

3. Nominal Accounts - Debit expenses and losses
   Credit incomes and gains

The process of determining Debit and Credit

Step 1

Determine the two or more accounts affected

Step 2

Determine the type of accounts - Personal, Real or Nominal

Step 3

Find out which rules are applicable to the accounts

Step 4

Identify which account is to be debited and which account is to be credited.

The form of an Account

Debit	Credit

We are debiting an account when we record a transaction on the left side of an account.

We are crediting an account when we record a transaction on the right side of an account.

Accounts may, also, be classified as follows:

1. Asset Accounts
2. Liability Accounts
3. Expense Accounts
4. Income Accounts
5. Capital Fund/Other Fund Accounts

Rules of Debit & Credit (Alternate Method)

1. Increase in assets are debits; decreases are credits.
2. Increases in liabilities are credits; decreases are debits.
3. Increases in capital fund are credits; decreases are debits.
4. Increases in expenses are debits; decreases are credits; and
5. Increases in revenues on incomes are credits; decreases are debits.

Asset

Debit Increase (+)	Credit Decrease (-)

Liability

Debit Decrease (-)	Credit Increase (+)

Capital Fund/other Funds

Debit Decrease (-)	Credit Increase (+)

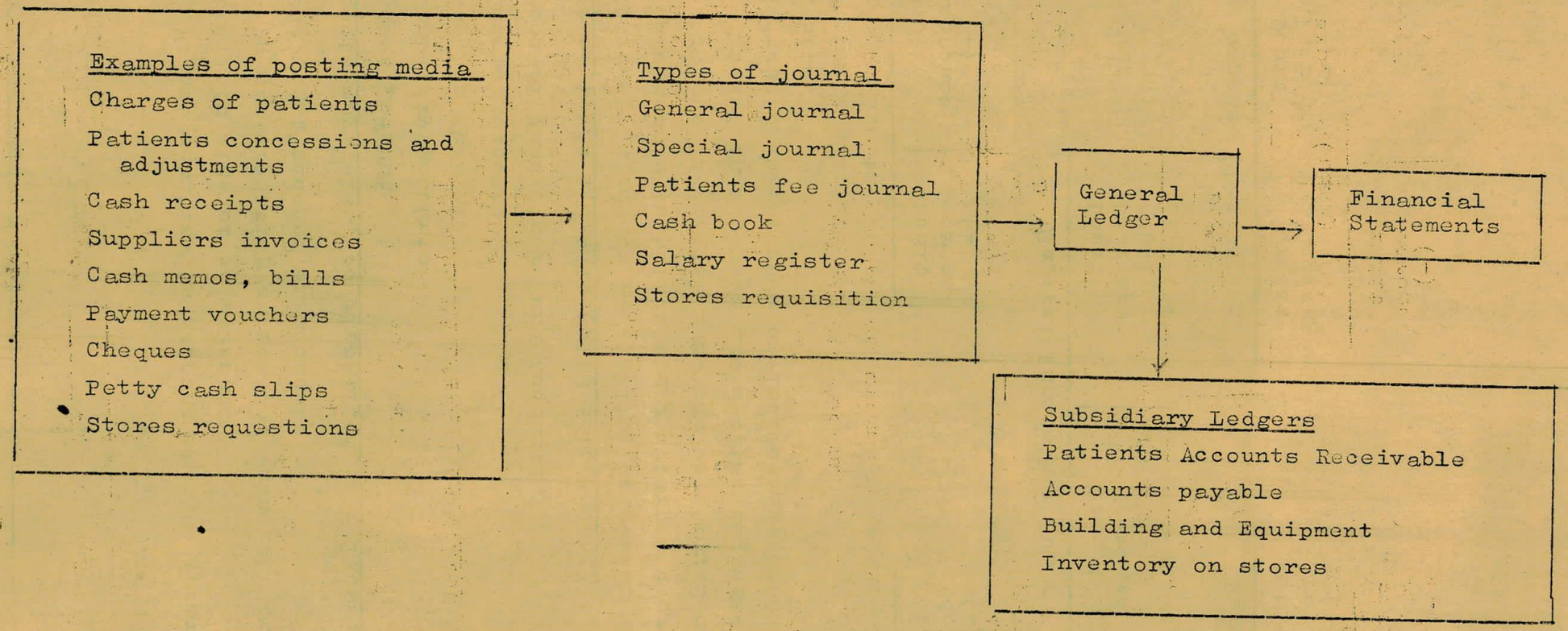
Expense (Loss)

Debit Increase (+)	Credit Decrease (-)

Revenue (Profit)

Debit Decrease (-)	Credit Increase (+)

Book-keeping cycles



Books of Accounts

1. Receipts cash book
2. Payments cash book
3. Purchase journal
4. Patients fees journal
5. Stores issue journal
6. Journal proper.

Ledgers

1. Main ledger
2. Patients accounts ledger
3. Stores ledger
4. Sundry advances ledger
5. Suppliers account ledger
6. Accounts receivable (Other institutions)
7. Project accounts/fund accounts ledger.

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Cost Benefit Analysis for appraisal [illegible] with pr[illegible]

The application of Cost Benefit Analysis for the appraisal of health programmes and projects can provide results that help in planning and resource allocation decisions.

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Evaluating Projects for Costs and Benefits

There are 3 steps in a detailed evaluation of projects

1. Measurement of costs

   Costs include the cost of capital and operating costs. There may be certain costs to the society also. The costs are expressed in market prices which need certain adjustments to reflect real costs. Taxes, fees, duties etc., need to be excluded from costs.

2. Measurement of Benefits

   There are direct as well as indirect benefits and many of them cannot easily be put in monetary terms as they are non-marketable public goods and have no price equivalence. The benefits are to be calculated in terms of increase in income due to the change in the situation.

3. Comparing costs and benefits

   There are three methods for comparing the costs and benefits. (a) Net present value (b) Internal rate of return (c) Pay back peri

   In net present value, projects with higher net present value are preferred. In payback period projects with lower periods are preferred. In internal rate of return, projects with higher internal rate of return are preferred.

For practice, let us try to do a cost benefit analysis of a Malaria eradication project. The following methodology can be adopted for this purpose:

i) identification of consequences/outcomes.

ii) quantification of the same; and

iii) conversion of the quantified outcomes into monetary terms.

The sum of the above would give the gross costs of the disease 'with' and 'without' the project. The difference between the two woul provide an estimate of monetary benefits/losses as a result of efforts to control/eradicate Malaria. The principle involved in such an approach is that the total cost of the disease (or part of it) serves as a measure of benefits derived from its eradication or the reductio in costs through partial control.

Outcomes of the disease

The large scale prevalence of Malaria has, a number of social, economic and demographic consequences arising out of the disease-specific morbidity and mortality. While some of these consequences lead to direct monetary costs to the society, some others cost the society in an indirect way.

The important components of such direct costs are:

i) treatment costs of malaria in outpatient and inpatient facilitie of health institutions.

ii) treatment costs incurred by families as personal medical care expenses.

iii) monetary costs to the sick for transportation to the place of treatment and back.

iv) monetary costs to the families for providing much needed supplementary or special foods to reduce/prevent debilitating effects of malaria.

Certain important indirect consequences of malaria to the society are:

i) the productivity losses due to temporary absence from work.

ii) the present monetary value of future earnings lost due to premature mortality directly ascribable to malaria.

iii) the benefits foregone on the increased monetary expenditures that the society would have to incur to feed the additions to the population (increased fertility) caused by reduced mortality as a consequence of control and eradication measures.

Estimating monetary benefits/losses

if:

x = cost to society if programme was not launched

y = investment in programme

z = cost to society 'with' the programme

Saving in costs to society = (x-z)

An investment of 'y' has resulted in a benefit of (x-z), giving a benefit cost ratio of Rs. $\frac{(x-z)}{y}$ per one rupee of investment.

Benefit Cost Analysis

Objective

* To estimate the cost benefits resulting from a development input viz. minor irrigation tank project

Problem

In a backward area, a model development project of constructing an irrigation project is considered. Estimate if the project is worthwhile.

1. Expenditure Estimates

1. Minor irrigation scheme	Rs.59.7 lakhs
Khariff - 1000 Ha	
Rabi - 500 Ha	
2. Lift irrigation schemes (2 Nos.)	Rs.22.5 lakhs
2 crops - 100 Ha = 200 Ha	
3. Land development	Rs.21.77 lakhs
4. Agacut Roads	Rs.0.52 lakhs
5. Central Marketing complex	Rs. 0.25 lakhs
6. Silk (Mulbery) & demonstrate farm for sericulture	Rs. 0.30 lakhs
	Rs.115.52 lakhs

2. Benefits

(a) Before taking up project

1. Area proposed to be irrigated	1276 Ha
2. Area expected to be submerged	276 Ha
3. Crops grown in 1000 acres now	Jowar (Local)
4. Yield per Ha now	652 Kg.
5. Price per 100 Kg Jowar	Rs.100
6. Cost of cultivation per Ha	Rs.280.35
7. Value of fodder per Ha	Rs.107.82
8. Value of Jowar per Ha	
9. Value of fodder	
10. Gross value of output in 1276 Ha	
11. Net value of output	

Note: 2.5 acres = 1 Ha

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(b) After Irrigation

1. Area expected to be brought under minor irrigation 1000 Ha
2. Area expected to be brought under lift irrigation 200 Ha
3. Area expected to be irrigated in Khariff 1200 Ha
4. Area expected to be irrigated in Rabi 700 Ha
5. Crops expected to be grown are

Jowar (HYU)	1000 Ha
Groundnut	800 Ha
Mulbery	100 Ha

6. Yield of Jowar (HYU) per Ha 1482 Kg
   Groundnut per Ha 1482 Kg
   Mulbery per Ha 600 Kg
7. Price of Jowar (HYU)/100 Kg Rs.100
   Groundnut/100 Kg Rs.200
   Silkworms/100 Kg Rs.2500
8. Fodder value: Jowar per Ha Rs.107.80
   Groundnut per Ha Rs. 20.00
   Mulbery per Ha Rs. 10.00
9. Cost of cultivation Jowar per Ha Rs.605.15
   Groundnut per Ha Rs.740.00
   Silk worms per Ha Rs.7000.00
10. Value of Jowar -
    Groundnut -
    Silk worm -

3. Net Benefits
   1. Total gross value before project
   2. Total costs after project
   3. Net value after project
   4. Net value after project - Net value before project = Net benefit

* 2.b.11. Net Value Jowar
   Groundnut
   Silk Worm

4. Cost Benefit

(1) How many years does it take to pay back the cost of project

(2) Calculate the rate of return when life of project is 40 years (Rate of interest for life of the project)

(a) Cash flow

0	1	2	3	4	5	6	. . . . .	40
	30	30	30	30			. . . . .	30

(Rs.115.52 lakhs)

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Fund Flow and Cash Flow Statements

Fund Flow Statement

There are two major types of information that the accounts of a organisation are intended to provide. They are, one, a periodic measure of the promotors stake in the company and two, a measure of its earnings and what has been done with these. Apart from these statements, certain subsidiary statements are to be considered. They are, the Chairmans statement, the Directors report, the Auditors report, the fund flow statement, and various supplementary statistical tables.

In this section, the fund flow statement and its analysis is discussed.

The funds flow statement looks at the balance sheet from a different angle. From the point of sources of funds and uses of funds.

The main sources of funds are, owners, donors, loans, grants and so on. The uses of funds are to purchase assets and to hold it as cash or its substitute. Using this information, both management and external parties can make decisions and plan for the future and analyse the trend of the use of funds.

Eg: Balance Sheet, as of 31st March 1978

Liabilities	'000		Assets	'000	
	1986	1987		1986	1987
Long term liabilities			**Fixed Assets**		
Debentures	1000	1000	Land	800	800
Current liabilities			Vehicles	1700	1900
Creditors	550	850	**Current Assets**		
Provision for tax	350	250	Stock	340	400
Bank overdraft	50	350	Debtors	650	1000
Shareholders funds			Cash	60	10
Shares	500	500			
Reserves	1050	1100			
Profits for distbn.	50	60			
	3580	4110		3580	4110

Cash Flow Statements

Cash flows are the inflows and outflows of cash of an organisation. Cash flows are prepared on a historical and/or projected basis. When it is projected, it is nothing but a cash budget. It projects cash inflows and cash outflows for an ensuing, period usually cut up into sub periods, to bring out the likely cash position at various intervals. On the basis of these projections, a business could plan additional sources of cash including bank borrowing to fill projectd short falls as also investment of projected surpluses.

A cash flow statement on historical basis is simply a summary of the cash book of a business, all items being classified into broad heads. It thus shows sources and uses of cash during a period. For management, projected cash flow statement is an instrument of liquidity management, while a historical cash flow statement provides the basis for reviewing the performance in this area and for drawing lessons for the future.

Model of a Cash Flow Statement

Item	Jan.	Feb.	Mar.	Apr.	May.	.....	Dec.
1. Cash in hand							
Receipts							
2. Cash sales							
3. Debtors							
4. Capital Receipts							
5. Others							
Payments							
6. Cash purchases							
7. Creditors							
8. Fixed assets							
9. Expenses							
10. Others							
11. Surplus/Deficit							
12. Bank borrowing/Deposits							
13. Cash in hand (closing)							

Financial Analysis and Control

Information produced by the accounting system is useful only if it is used. The persons who may need information are:

1. Managements
2. Donors
3. Creditors
4. Financiers
5. Customers
6. Workers

With the financial statements two types of analysis are available:

1. Trend analysis - comparison of previous period
2. Interfirm comparison - Comparison with similar organisation.

For analysis there are 3 main types of ratios:

1. Investment ratios
2. Liquidity ratios
3. Efficiency ratios

Investment ratios deal with long term objectives of survival, growth and providing an acceptable ratio of return to its investment

a. Return on equity ratio: $\frac{\text{Net profit after tax}}{\text{Shareholder funds}}$

Gearing ratio : $\frac{\text{Long term borrowing}}{\text{Net assets employed}}$

Liquidity ratios show the way the company is meeting the short term objective of being able to generate sufficient cash to pay its bills on time.

Current ratio : $\frac{\text{Current assets}}{\text{Current liabilities}}$

Acid test ratio : $\frac{\text{Liquid assets}}{\text{Current liabilities}}$

Efficiency ratios provide information on the use of assets. It says how effectively managers using limited resources

Primary Efficiency ratio : $\frac{\text{Profit before tax and interest}}{\text{Net assets employed}}$

Makeup ratio : $\frac{\text{Profit before tax and interest}}{\text{Sales}}$

Asset turn over ratio : $\frac{\text{Sales}}{\text{Net assets employed}}$

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RUHSA DEPARTMENT OF CMC&H, VELLORE

Legal Regulations in India

Notes Issued by Thomas P.Benjamin

Legal regulations with respect to finance pertains to the duties and responsibilities of the organization to the government, its promoters and donors. The donors are to be kept informed with audited statement of accounts. The promoters need to be informed with statements and progress passing their accountability with respect to resources made available to the managers of the project. In this section, we will be dealing mainly with legal matters related to the responsibilities of the organization to the government.

THE ORGANIZATION

The organization has to be registered under the Trust, Association, Society or Company. More details may be obtained from, R.Shankaran and Ivo Rodrigues , A hand book to the Management of Voluntary Organizations, Alpha Publishers, Madras, 1983.

THE INCOME TAX ACT

It is necessary for the organizations to comply with provisions of the Income Tax Act as applicable to charitable institutions, otherwise the funds received may be liable to heavy tax.

A charitable institution can claim income tax exemption from property held in India under the following conditions.

(1) The property from which income is derived should be held under a trust or other legal obligations.

(2) The property should be held for charitable or religions purposes.

(3) The trust should not be created for any particular religious community or caste.

(4) No part of the income should ensure directly or indirectly the benefit to the sittler or other specified persons.

The exemption is confined to only such portion of the trusts income.

(1) Which is applied to charitable or religious purposes in India or for international purposes outside India.

(2) Or is accumulated within the permissable limits for application to such purposes.

However, such organizations should not carry on any business except for

(1) Wholly for public religious purposes

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(2) Or the business is carried on by an institution wholly for charitable purposes and the work in connection with the business is mainly carried on by the beneficiaries of the institution.

Seperate books are to be maintained by the trust or institution in respect of such business.

It is not enough that the organization is registered under its respective acts. It is necessary that the organization should also be registered for income tax exemption and this registration should be done within a year (or specified period) of the creation of the organization.

WHO IS ELIGIBLE FOR TAX EXEMPTION

1. In order to be eligible for tax exemption, a charitable trust or institution is required to apply at least 75% of its income for charitable or religious purposes.
2. The organization may have the option to spend the income in subsequent year under special conditions if it has not been able to spend the 75%. However, the application during the extended period has to be as per the rules for application of funds for tax exemption.

ACCUMULATION OF INCOME:

As a corolary the income may be accumulated for future application as per rules of application of funds. The money set apart in such manner will not be calculated as the years income. It is necessary to keep the income tax officer informed in the prescribed form.

Investment of unspent funds of charitable organization. The guide lines for investment of unspent money is

1. Government savings certificate
2. Post office savings bank account
3. Scheduled bank or co-operative bank including land mortgage,
4. Unit trust of India
5. Investment in any security for money created or issued by the central Government, or a State Government.
6. Investments in debentures of any corparte
7. Deposit in Government company
8. Bonds issued by financial corporate
9. Bonds issued by public company for financing housing
10. Investment in immovable property
11. Deposits in Industrial Development.

AUDIT

When total income exceeds Rs.25,000/- in any accounting year, its accounts are required to be audited.

FILING RETURN OF INCOME

Every charitable organization is required to file a return of income in the prescribed form;

Income not eligible for exemption.

1. Income from property which does not ensure the benefit of the public
2. Income of charitable institution created for the benefit of any particular religious community or caste.
3. Income of institution that may benefit any one individual.
4. Income of institution which may benefit the owner of the institution.

SECTION 80 G

Deduction is allowed to donors under section 80 G of income tax act. When donations above Rs.250/- are made to charitable institutions registered with the officer for deduction.

SECTION 35 CC

A company or coperative society is entitled to deduction in respect of any expenditure incured by them during the previous year on Rural Development Programmes.

Income which do not form part of Total Income

1. Income of Educational institutions
2. Income of a hospital or medical institution which is for philanthropic purposes.
3. Income of public charitable trust or society for Development of Khadi and village industries.

Foreign Exchange Regulation Act

1. This rul is applicable to all citizens of India within or outside India.
2. The act restricts the payment or receipt of foreign funds other than through an authorised foreign exchange dealer.
3. Other restrictions exist on similar grounds for gold or jewellery. Also no property can be transfered.

Foreign Contribution Act, 1978

1. The purpose is to regulate, acceptance and utilization of specified foreign contribution, foreign hospitality or scholarship so as to ensure that amongst others voluntary organizations and individuals working in this important areas of national life may function in a manner consistent with the values of a sovereign democratic republic.

.. 4 --

2. It is applicable to all Indians inside or outside India and all associations.
3. The amount of contribution is Rs.1000/- or above.
4. Persons not eligible for foreign contribution are judges, candidates for election, journalists, MLA's political parties.
5. Restrictions and regulations exist for scholarship and stipends.
6. Foreign hospitality for judges, MLAs political party officers and government servants have to get prior permission.

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j/b.

M2.25

INCOME AND EXPENDITURE ACCOUNT

The above statement is the income and expenditure account of RUHSA for the year ended 30th June 1980. This account is prepared for comparing the incomes and expenditure of the period 1/7/79 to 30/6/80. The following points have to be kept in mind while preparing this account:

1. No capital item should be entered in this account. In other words, only revenue items must be entered in this account.
2. No item, either revenue or expenditure, relating to the past period of future period will be entered in this account. In the above income and expenditure account, no item for the year ended 30.6.79 or 30.6.81 will be entered.
3. If any expense incurred during the year 1.7.79 to 30.6.80 remains unpaid, it must be brought into the account like an outstanding expense.
4. In the same manner, if some income that has been earned has not yet been actually received, it should be brought into the account.

On the right hand side of the above statement, the income for the year ended 30.6.80 received from various sources has been recorded. This includes amounts actually received and receivable pertaining to the period. The stock on hand as on 20.6.80 is also included on the income side.

On the left hand size are listed the various expenses incurred during the year. The stock as on 1.7.79 is also included in the expenditure side.

The expenditure for the year exceeds the income received and this is indicated on the right side of the statement as 'Excess of income over expenditure'.

A comparison of similar incomes and expenditures for the year ended 30.6.79 will help us to analyse the causes for variation if any.

Balance Sheet

The above statement is the balance sheet of RUHSA as at 30th June 1980. The balance sheet portrays the financial position as on the last day of the year to which the final accounts relate. The righthand side shows the various assets that the

institution possesses, separately for fixed assets, investments and current assets along with the necessary details. The left hand side is called the liabilities side. It shows the amounts due to outsiders, amounts that are due for payment, reserves created and amounts invested in the institution. Looked at from the point of view of assets, the balance sheet shows the amount of assets possessed by the institution and the manner in which the necessary funds were raised. The liabilities side shows the total of the funds placed at the disposal of the management; the asset side shows how these funds were utilised.

j/b.

CHRISTIAN MEDICAL COLLEGE, VELLORE ASSOCIATION.

Rural Unit for Health and Social Affairs, P.K.Puram, Kavanur P.O.

Income and Expenditure Account for the year ended 30th June 1980.

30-6-79 Rs.ps	Expenditure	Rs.ps	30-6-79 Rs.ps	Income		Rs. ps
-	To opening stock	43,162-98		By Grants Received		
75,567-95	Administration	1,23,051-85	7,97,480-79	External agencies	11,02,058-84	
38,305-92	Maintonance	89,246-30		Internal agencies	1,18,115-00	12,20,173-84
			1,73,513-08	Medical Services		2,36,026-79
28,822-23	Staff and community welfare	19,028-95	22,102-43	Interest on Endowment Fund		40,586-27
94,414-50	Transport	1,67,204-40	4,211-35	Donation from individuals		2,304-55
13,834-31	Farm and Agriculture	1,82,687-87	6,745-00	Socio Economic Unit		24,233-91
1,78,839-50	Social Development	1,96,773-06	10,987-99	Miscellaneous income		26,174-54
3,25,373-20	Medical Services	4,88,259-74	8,029-30	Consultation, training and Seminar		10,[illegible]86-15
27,872-63	Socio Economic Unit	72,307-29	—	Farm and Agriculture		34,639-31
9,385-09 38,919-40 51,590-28	Consultancy, Training and Seminar Socio Economic Survey CERT Unit	1,38,252-89		Closing Stock		
			43,162-98	Drugs - Stores	39,161-34	
				Drugs - Dispensing area	12,345-50	
13,233-29	Public Relations	26,007-01		General Stores	33,572-14	
				Socio Economic Unit	16,512-28	
82,387-00	Depreciation	1,61,705-00				1,01,591-26
87,687-62	Excess of income over expenditure - being balance of unspent grants transferred to Maintenance Fund.	..	..	Excess of Expenditure over income		11,370-72
10,66,232,92		17,07,687-34	10,66,232-92			17,07,687-34

SHANKAR & VENKATESH
Chartered Accountants
Bangalore
16th September 1980.

CHRISTIAN MEDICAL COLLEGE, VELLORE ASSOCIATION.

Rural Unit for Healt[illegible] nd Social Affairs, P.K.Puram, Kavanur P[illegible]

Balance Sheet as at 30th June 1980.

30-6-	Liabilities.		1979-80	30-6-79	Assets.		1979-80
Rs.ps		Rs.ps	Rs.ps	Rs.ps		Rs.ps	Rs.ps
	Maintenance Fund				**Cash & Bank Balances:**		
3,04,241-46	Opening Balance	3,04,241-46		1,650-00	Cash on hand (Imprest)	2,750-00	
	Less: Excess of expenditure over income	11,370-72		2,10,315-45	Cash at Bank	1,04,041-71	
	Less: PF administration charges, death benefit contribution and Death benefit administration charges relating to 1977-78 and 1978-79.	2,502-50		1,95,442-98	Fixed Deposit	1,00,000-00	2,06,791-71
			2,90,368-24	10,66,600-31	Remittance in trasit to CMC		1,17,918-85
3,11,282-15	Grants received in advance		6,43,194-48	43,162-98	Deposit with CMCH		5,57,572-22
39,074-82	Sundry Creditors for expenses		—	43,281-86	Stock on hand		1,01,591-26
3,973-72	Accounts payable - LEPRA		748-01	4,695-50	Advances and deposits		96,572-17
..	Central Bank of India A/c overdrawn		1,68,630-46	..	Income Receivable		20,000-00
				..	Capital Fund overspent		2,[illegible],908-66
				..	Capital Stores		70,557-00
					Capital work in progress		8,273-04
	Endowment Funds				**Endowment Fund Investments**		
3,97,182-75	TEA Fund	6,97,182-75		3,97,182-75	TEA Fund	6,97,182-75	
..	Farmers Emergency Fund	1,00,000-00			Farmers Emergency Fund	1,00,000-00	
..	Family Care Workers Fund	1,44,000-00	9,41,182-75		Family Care workers Fund	1,44,000-00	9,41,182-75
..	Programme Director's Discretionary Fund.		20,098-72				
7,90,135-93	Capital Fund		..				
	Depreciation Fund						
1,16,440-00	Opening Balance	1,16,440-00					
	Add: Depreciation for the year.	1,61,705-00	2,78,145-00				
13,35,335-92	Plant Capital		27,70,869-23	13,35,335-92	Fixed Assets		27,70,869-23
32,97,667-75			51,13,236-89	32,97,667-75			51,13,236-89

Auditor's Report.

Checked with the books produced and found correct in accordance therewith, read with the note thereon.

SHANKAR & VENKATESH
Chartered Accounts
Bangalore - 16th Septr.1980.

M2.26

QUALITY CIRCLE

AT A GLANCE

HAL

HINDUSTAN AERONAUTICS LIMITED
BANGALORE COMPLEX
BANGALORE-560 017

What is a Quality Circle?

A group of people who meet voluntarily together on a regular basis to identify, analyse, and solve quality, productivity, cost reduction, safety and other problems in their work area, leading to improvement in their work environment and performance leading to enrichment to their work life.

Where do members come from ?

Ideally, members of a particular Circle should be from the same work centre, or who do similar work, so that the problems they select will be familiar to all of them.

How many members are in a Circle ?

An ideal size is eight to ten members. The size of Circles can vary from a low of five members to a high of about fifteen. The size must never be so great that each and every member cannot have sufficient time to participate and contribute at each meeting. Too few members would also tend to make circles dormant.

Objective of Quality Circles

Reduce errors and enhance quality and productivity.

Inspire more effective team work.

Increase employee motivation.

Create problem-solving capability.

Build an attitude of "Defect Prevention.

Improve Communication in the Division.

Promote personal and leadership development.

Develop a greater Quality awareness.

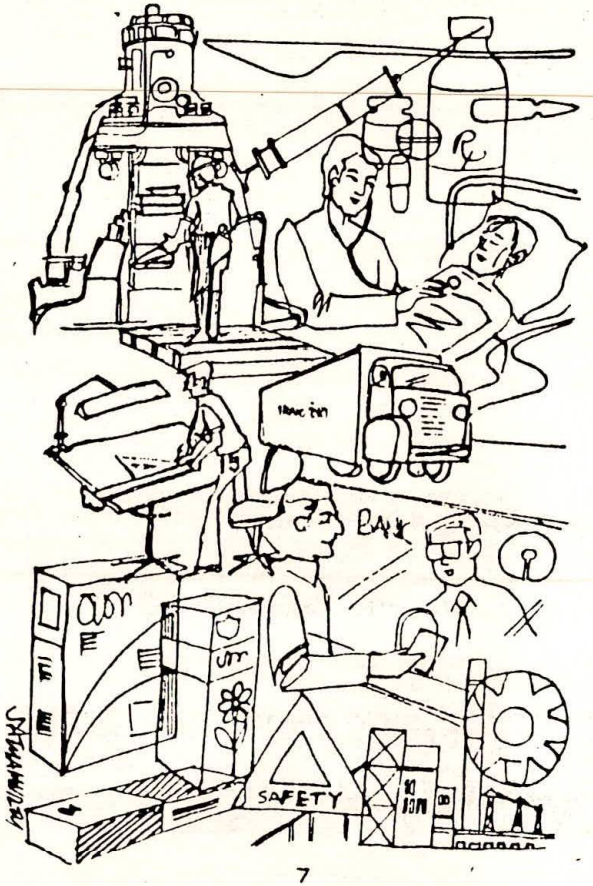
Promote cost reduction.

Catalyse attitudinal changes for greater cohesiveness and team work.

Why the emphasis on Quality ?

Many of the problems in a production line are related to Quality-doing jobs right first time and every time is the requirement of quality in production. This will lead to reduced levels of non-conformance/scrap which will result in higher productivity. Majority of the quality problems can be solved by the operational management (i. e. Middle and Senior level) and employees Better Quality will lead to better flow of work in progress and better relationship between departments. It will also result in increased customer's satisfaction.

What type of Organisations can use it ?



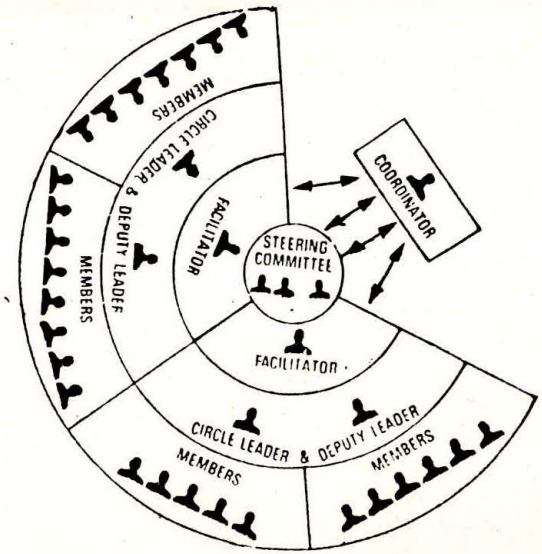
Every organisation offering goods or services needs Quality Circles to involve its people in quality consciousness. Every business, every industry and every organisation, regardless of its product or purpose can benefit greatly from the participation of all its people. Quality Circles are now used in such diverse industries as Engineering industries, Merchandising, Hospitals, Canteen, Banking, Insurance and many more.

Is this a new idea ?

No. The Quality Circle concept was developed in the early 1960s in Japan. In some of the Divisions of HAL, Quality Circles have already been in vogue from 1970. Though in these divisions they were called Quality Control Circles, they differ from concept of the quality circle in the following manner.

- they were not meeting regularly every week, as quality circles are intended to.
- in quality control circles though the employees participate, the approach is of quality task force to solve the problem. Where as, in quality circles the employees are given adequate training so that they will be capable of recommending and implementing solutions to problems affecting their work, by using the techniques of quality management.

How is the Quality Circle Programme Organized ?



A Quality Circle Programme is an integrated system made up of several parts :

The members themselves.

Deputy Leaders	— Group 'E' and below
Circle Leaders	— Group 'E' and Grade I/II
Facilitators (Co-ordinator)	— Grade III/IV/V
Steering Committee	— General Manager and other Senior Officers

How many circles in a given area?

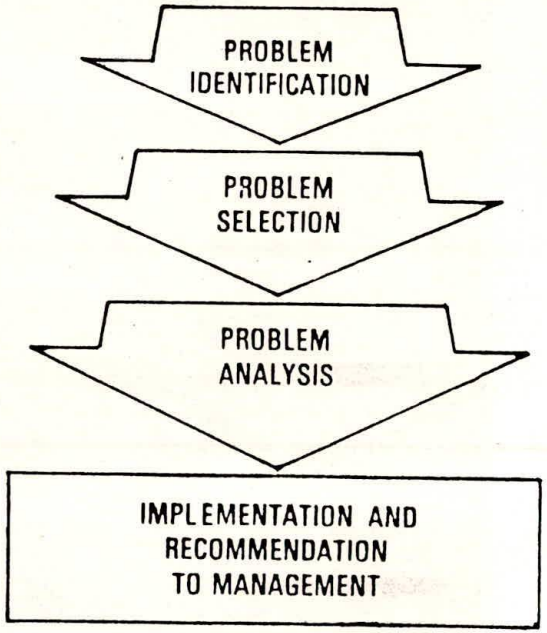
In a department for example, where 25 individuals do identical jobs, how are the 7 or 8 persons selected for the Circle? No selection is made. Nor is Circle membership rotated. If all 25 want to be Circle members, then 2 or 3 circles are formed. Experience shows that the three Circles in this instance would not duplicate each other's activities. Each will contribute in its own way and that contribution will benefit the other circles, too.

How long do circle meetings usually last and how often are they held?

Experience has shown that for purposes of continuity and effectiveness it is advisable to hold meeting atleast once in a week or once in a fortnight. Each meeting usually lasts for approximately one hour.

How does the process work?

The following are the steps involved :



Typically, s ral problems will be identified in a work centre and one problem is selected by the Quality Circle. After solving the problem next problem is taken up. Problem identification and selection is carried out by any one or more of the following :-

- Circle Members,
- Facilitators,
- Personnel from technical departments,
- Management.

Problem analysis is performed by the circle with the assistance, if needed, from the appropriate specialists from technical departments.

What takes place during a circle meeting ?

Any of several activities may occur during meeting such as

- Identifying a problem to work on
- Dissemination of knowledge and training as required to better enable Circle members to analyse problems.
- Analysing problems.
- Preparing recommendations for implementing solution.
- Participation in presentations to management.
- Feed back to circle members.

How should a circle approach problems?

Circle Members should approach the problem with a positive attitude instead of having a tendency to shrug off problems. Open discussion and brain storming with every one participating and a positive and co-operative manner will shed new light on any problem. Due to the knowledge and training imparted in application of Quality Management techniques, circles should approach the problem with a confidence that they can find definite solutions.

How important is it for a circle to establish objectives and milestones?

ACTION ITEMS

Item	Action	Who	Date	
			Target	Actual

Very important! Circles are encouraged to establish an objective and develop a plan to achieve it. The plan is further broken into milestones so that progress can be constantly measured against the plan.

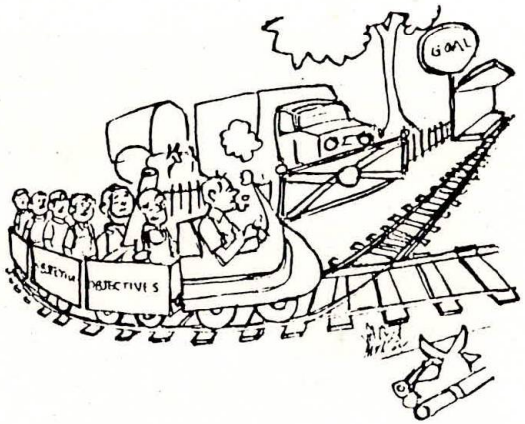
What if a circle project overlaps into other departments?

This should be avoided. Usually, there are plenty of problems in a Circle's own area. However, if an overlap does occur, an effort should be made to work with the Circle in the affected area. Also, management of all departments involved should be kept advised of Circle activities.

How does the circle use the services of specialists?

Although a Circle is largely a 'do-it-your-selfer', it is frequently necessary for it to contact the organisation's experts in given fields, such as quality, design, production engineering, safety, maintenance, purchase etc. This communication is strongly encouraged, and the invitations to attend Circle meetings and offer advice and consultation should be made through the normal channels. The specialists thus called upon serve as consultants, while the Circle retains responsibility for solving the problems.

What is the steering committee ?



Fundamentally, the Steering Committee must set goals and objectives for the Quality Circle activities which establishes operational guidelines and takes an overview of the Quality Circle activities. It is presided over by a Chairman who is preferably the General Manager of the Division.

Who are usually on the steering committee ?

Deputy General Manager and Senior Managers from major departments within the organisation are usually members of the Steering Committee. Facilitators are invited to the steering committee, for giving brief reports on the functioning of the Circles in their respective area.

Who is a facilitator ?

The facilitator is a Sr. Manager nominated by the management responsible for co-ordinating and guiding Quality Circle activities in his individual areas.

Who is the leader ?

Experience demonstrates that Circle activities will have a greater chance of

success when the supervisor is the initial leader. The Quality Circle concept gains quicker acceptance when it fits into the existing organisational structure. The supervisor is already designated to perform a leadership role in the structure. However, the choice of Leader and Dy. Leader is left entirely to the members of the Quality Circles.

Can any one other than the Supervisor be the leader ?

Of course! It will probably evolve in the following manner: The supervisor becomes the first Circle Leader, another member a Dy. Leader. Subsequently, if the members so decide,any other member with the necessary competence can also be chosen as the Leader or Dy. Leader.

Is there a relationship between the circle and the work ?

The members of a Circle are people who normally work together. The projects they select to work on always relate to the work they do.

What are the general problem areas selected by quality circles ?

Non-conformance to the requirement, repetitive snags/defects, work environments/facilities, paper work, communications, are few of the general categories of problems taken by Quality Circles. Virtually, anything which affects the quality of the work may be selected as a project by the Quality circles.

Does a circle ever run out of problems ?

No! The members may occasionally think so; but a brainstorming session usually surfaces many problems that need immediate attention.

Is "problem prevention" an appropriate theme?

It is most appropriate and should be enthusiastically encouraged. When a Circle has passed the point of "putting out fires" and starts looking ahead for ways of preventing them, it has achieved a major milestone. This is a form of quality consciousness that insures that quality will be built into the product and not "inspected in".

Are safety themes acceptable?

Absolutely! Most safety themes also have a relationship to quality and productivity.

Don't circle suggestions get costly to implement?

Experience has shown that majority of the Circles recommendations either cost nothing to implement them or usually are of low value which can be financed from normal divisional budget. Majority of circle recommendations can normally be implemented by the circle members themselves.

Attitudes about quality circles?

Opinion surveys taken among Leaders and members consistently result in unanimous or near unanimous agreement that:

Quality has been improved.

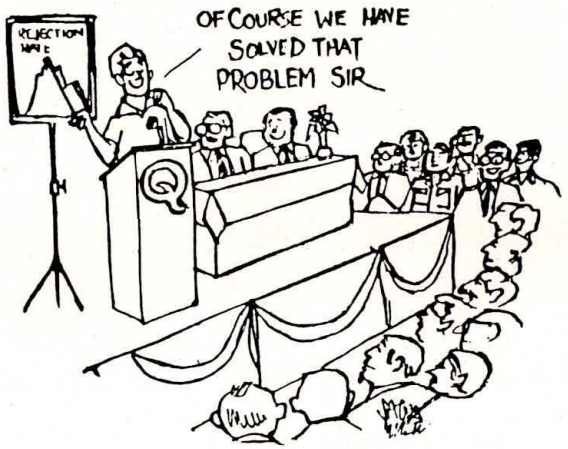
Morale has been enhanced.

Quality Circles are cost effective.

Attitudinal changes and better team work have taken place.

Circles activities should be continued and extended to others.

What is the management presentation?



A Management Presentation is where the leader and members describe to their manager what project they have been working on and what recommendations they wish to make concerning it. Participants use slides/data that they have prepared. This event represents a most exciting form of participation, communication and recognition for all.

Why are management presentations important?

Management Presentations promote communication. Managers are personally informed of the Circles' activities and accomplishments. The Circles gain recognition for their contributions. Morale is bolstered by the periodic opportunities to deal directly with the managers and to be reassured of support for their activities.

When is a management presentation made?

A Presentation is made to:

- Show completed projects
- Make recommendations
- Provide status on long term projects
- To highlight improvements effected

What is the recommended frequency of the management presentation?

In large organisations it is recommended that presentations to the departmental head may be done once in 7-8 weeks and selected cases presented to the top management once in 3-4 months. It has been shown that such programmes apart from other benefits result in greater involvement of middle/top level executives in the activities of Quality Circles.

What training is provided and when?

The Leaders and Dy. Leaders are preferably trained centrally on all aspects of QC operations. Thereafter the Leader trains the members during a part of each meeting. This member training takes place over a period of several weeks. Thereafter, additional training is provided as required, or as a refresher.

What are the quality circle techniques?

The most common techniques are:

- Problem identification
- Data collection
- Brain storming
- Pareto analysis
- Cause and effect analysis
- Problem prevention
- Presentation techniques.

Problem identification

This is carried out based on day-to-day problems encountered in the work centre. This can also be arrived at by using the technique of brain storming.

Data collection

To solve the problems, data must be collected. Way to do this on a sampling basis are explained in one of the classes. Sampling permits it to be done in a way that saves time and effort. A variety of forms can be used to ease and speed the collection of data.

Brain storming

This technique is not only a lot of fun, it is an excellent way to totally involve everybody. Brainstorming helps to bring out the imaginative and creative solutions that every organisation needs in order to remain healthy and competitive.

Pareto analysis

Decisions must be made with data that is collected. The Pareto chart aids in doing this in an organised way. This chart is commonly used in management presentations because of its ease of understanding and visual impact.

Cause & Effect analysis

This is the number one favourite technique that is employed. It is fun. It is very participative. Best of all it really works. Members do not simply identify problems for others to solve but also resolve them and implement solutions.

Problem prevention

The entire training emphasizes that the best way to control problems is to avoid them. Quality is 'built-in' by those who do the work.

The management presentation

Members learn how to communicate their recommendations to management in a most powerful way.

What's in it for you ?

Some of the answers to this question are :

- Training in problem analysis.
- The opportunity to identify the problems you have been living with and no one seems to care about.
- Being recognized as the "expert" in your area.
- Being allowed to select the problems to be analyzed.
- Having the chance to actually analyse the selected problems.
- The opportunity to present recommended problem solution's directly to management.
- The chance to contribute to enhancing the organization's quality reputation to make it more competitive, and to assure greater job security.
- The satisfaction of self-esteem/ self-actualisation needs.

(1) C.P Gender: DCHM

WORKSHOP METHODOLOGY

RUHSA has found the workshop methodology to be very useful. Within a short period of time, with coordinated input from the faculty, the trainees are able to learn new knowledge and skills and in certain situations have changes in attitudes. Each workshop is being planned individually and we are now encouraging the participants to be more involved in the initial input to the workshop and also in the continuous monitoring and feed back of the training process.

For each workshop we have certain objectives listed and would like to cover them during the workshop. However we would like to proceed at a pace that trainees can learn through this process. In this workshop, the participants will be involved in "Management Team" approach of facilitating the progress of the workshop recording the events of the workshop and also evaluating and giving a feed back to the entire groups.

Allowing trainees participation in this manner, creates an open learning climate characterised by participation, free discussion, critique and evaluation. In addition, a number of approaches will be used throughout the workshop for trainee participations in the learning process.

This workshop process is modified from the methodology used by COADY International Institute, Canada.

THE MANAGEMENT TEAM

The workshop process itself will be used as an opportunity for participants' skill development in aspects of management. The conduct of the daily proceedings will devolve on the participants who will in rotation, organise themselves in management team of three. The members of these capacities during the workshop, participants will have an opportunity for skill development. The experience will be all the more fruitful as the teams will have to produce reports under time pressure for daily presentation and meet the friendly but critical appraisal of the group.

The management teams will carry out specific roles and duties and provde their daily reports to their fellow participants each day following their term of service. Their performance will also be evaluated.

OBJECTIVES

- To provide opportunities for practice in various roles.
- To provide participants with continuous records of achievement; and
- To provide participants with practice in evaluative techniques and decisions.

FUNCTIONS

- Utilise the available resources to achieve the agreed objectives as laid out in the day's time-table.
- Implement the plan of action prepared by the team.
- Provide the group by 8.30 hours of the day following their duty, a written record of the day's proceedings and an evaluation thereof.

SPECIFIC DUTIES

MODERATOR

- Will conduct the proceedings in an orderly fashion; ensure that the day's proceedings operate according to the program;
- Will ensure than when discussion groups are formed, they are adequately briefed and that procedures for reporting are set up.
- Will proceed with the team members a written report on proceedings and evaluative comments.

RECORDER

- Will keep a record of the main presentations and of the discussion arising from them. Obtain and incorporate into the record the written reports from discussion groups and workshops.
- Will clear the report with the team ensuring that it is clear and concise.
- Will present the final report at the first session of the following day to the total groups.
- Will deposit a copy with the workshop director after presentation and any amendments required.

EVALUATOR:

- Will provide the evaluative comment on the group process on the conduct of the day, on its orderly process; on the level of interest and participation; and on the quality of discussion and team spirit.

- Will make recommendations for improvement in the quality of interaction and therefore of learning. Clear the report with the team mates. Deposit a copy with the Workshop Director.

NOTE: The reports will be reports of the team. All members of the team share responsibility for it.

- - - - - -

Essential qualities for work with the non-profit

- Compassion, commitment, concern
- Competence; self-confidence
- Willingness to sacrifice
- Inspiring and supporting colleagues
- Recognising dignity of each person
- Humility
- Listening to people; learning from them
- Self development; self-renewal
- Flexibility
- Partnership

Presented by Dr. COR on 5/4/99 at EGM-Bangalore.

AIDS

- Prevention of spread of HIV infection
- Care of persons with HIV infection
- Care of AIDS patients.

Business	Not-for-profit
Life of accumulation	Life of service
Economic development	Development of people
Financial Bottom Line	Other parameters
Stake-holders	Community
Focus on customer	Focus on the disadvantaged
Paid staff	Volunteers + paid staff

Objectives

Create awareness of the principles and practice of management in the social, development-oriented, not-for-profit organization, by a brief exposure to a variety of programmes and projects in the sector.

Objectives

Create awareness of the principles and practice of management in the social, development-oriented, not-for-profit organization, by a brief exposure to a variety of programmes and projects in the sector.

Non-profit Organizations

A brief exposure of Management Students to Social Relevance of Management

AN INTRODUCTION

Management is important whatever be the area of human endeavour, individual or collective: public (governmental), private, for-profit (business) or not-for profit (voluntary). While many principles are common, there are distinct differences in the management of the three sectors. Being exposed to the different principles and practices of management in the different sectors can help the students of management to grow and develop. I shall not deal with the government sector. I shall deal briefly with the not-for-profit sector and compare with the for-profit or business sector to which you will be exposed during your period of training. Your learning will be mostly based on the business sector. Exposure to the not-for-profit sector will hopefully make you a more complete person.

1. Objective of the programme

To create awareness of the principles and practice of management in the social, development oriented, not-for-profit sector by giving exposure to programmes and projects dealing with health and development, including

- social work and social welfare
- social justice
- community health
- health care services
- education
- social problems, such as child labour, street children, rag pickers, AIDS
- agriculture, water management, etc
- environment and other issues.

It will not be possible for each one of you to be exposed to more than one of them. You will have to make your choice.

2. Business Vs. not-for-profit organization

Almost all of you will be looking towards joining and working for a business (industry, firm). A few will opt for the not-for-profit organization, as the postgraduate from IIM Ahmedabad who is now the Director of the Blind Men's Association, Ahmedabad. A life in business is a life of accumulation mainly. The not-for-profit sector involves a life of service. There are elements of service in the business sector also and increasingly so today. Business looks for persons who relate to people at all socio-economic levels. They would like to get involved in development programmes. It is partly altruistic (they want to give back something to the people, less fortunate than themselves) and partly because governments give preference to firms who get involved in development (eg., Tata Steel : We

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Presented by Ancoth on 5/7/99 at EGM-Bangalore.

develop people). These firms need people who can help in implementing such development programmes.

In a not-for-profit organization, most of the people, especially the top executives or leaders do not work for a living. They have to live and therefore take a salary but that is not main reason. They work for a moral cause. After many years of work in business sector, many top executives start or join a not-for-profit organization. Your short exposure will be a useful experience.

Performance and results are important in both sectors. In a business, there is a financial bottom line. True, profit and loss are not enough by themselves to judge performance but they are certainly measures that can be used to take stock of performance and results. In the not-for-profit organization also the balance sheet is important but, other parameters are more important. These are more difficult to measure and quantify.

3. Vision, mission, goals, objectives

Whether it is a business or not-for-profit organization, there is need for Vision and Mission. The persons involved must work for the realization of the Vision and long-term and short-term goals. But there is great difference in the Vision and Mission. The Vision has to be human centred development in the case of the not-for-profit organization and the Mission is to achieve it.

4. Volunteers

A sizeable part of the work of not-for-profit organization is done by volunteers. They give their time and talent freely or for a very small consideration. They are colleagues and not paid staffs who have to do a 'job'. The not-for-profit organization strengthens, encourages and enriches the lives of volunteers. There are no such volunteers in the governmental or business organizations. You will have a different experience working with the volunteers.

5. Clients / customers / constituencies

The constituencies vary. Not-for-profit organizations have many more important relationships. The most important is the relationship with the community. The not-for-profit organizations serve the community interests and needs, focussed mostly on the disadvantaged; child labour, street children, rag pickers, slum dwellers, AIDS patients, terminally ill and similar groups. For each one of these groups, many aspects have to be tackled. Take AIDS. An organization to tackle AIDS may be involved in

- prevention of spread of HIV infection, or
- care of persons with HIV infection and other needs, or
- care of AIDS patients.

If the aim is prevention, the organization deals with persons who have not yet been infected. If the aim is caring for those infected but not yet full-fledged AIDS patients, the organization has to ensure protection from or management of

intercurrent infection. The objectives in the care of AIDS patients will be very different.

6. Qualities of persons in not-for-profit organizations

The qualities required for Managers or Executives are similar whatever be the sector. People work in the not-for-profit sector because they believe in the cause, especially of the disadvantaged and against injustice. Certain qualities are of great importance. The differences are of degree and emphasis. Among the important qualities are compassion, commitment and concern, willingness to sacrifice own requirements, inspiring and supporting colleagues, motivation, recognising the dignity of each person, humility and willingness to listen to people and learn from them. Qualities like competence, self-confidence, flexibility and sense of partnership are common. The effective not-for-profit executive has the responsibility to make it easy

- for people in the organization, especially the volunteers, to do their work,
- to have the results, and
- to enjoy their work.

7. Self-development; self renewal

The people working in the not-for-profit organization has to continuously improve themselves, as in any other sector. They have to develop their skills, competence and ability to contribute to the achievement of the goals. Self-development is more important in the not-for-profit sector.

It is important that you develop yourself continuously and then renew yourself. A time comes when you jump into something new, something different. You want to follow or cut out a new path, become aware of a new horizon or you move towards a new destination.

8. What you would like to be remembered for

At every stage in your development, you have certain aims in life. You would like to be remembered for something. You may accomplish it or not. But it is important to keep your sights on what you want.

Decide what are the right things you want to do. Business requires that you do certain things and do them right. They look for efficiency. In not-for-profit organizations, the emphasis is on what you consider are the right things and, to the extent possible, do them right. You carry your activities based on your priorities and the needs of the society.

PRACTICAL HINTS

Select an organization / programme / project in which you are interested with the help of the faculty. Study it. Write down what you expect and then plunge into it.

Write down each day's experience in detail, especially your interactions with the community (the people, the participants), the faculty, the staff, the volunteers and the leaders. Note down carefully your observations. At the end of your assignment compare your expectations and what happened. From them you will get your learning points which will be useful to you throughout your life.

Remember that during the short exposure, you will be contributing little but contribute as much as your can. You would have gained much, depending on your involvement and be grateful to the people for the experience.

M2.

Issue 18 April-June 2001

Clipboard

A Quarterly Update on Management Issues from the Administrators Section of the Christian Medical Association of India

Dear Members,

Early on this year two major incidents shook the nation out of its stupor.

The first was the Gujarat earthquake and the other was the expose of the deep rooted corruption in our much-touted democratic system.

Both however, have left a dent on our psyche and exposed human frailty like never before. It is during such times that we realise, that the only insulation from similar onslaughts is our firm faith in Christ and his teachings.

The Healing ministry is an inevitable part of the Christian ethos and it is in keeping with this, that the CMAI reaches out to serve. We responded to a request by the Christian Medical Association of Bangladesh (CMAB) to organise a ten day workshop on Hospital Administration. Twenty-eight delegates from all over Bangladesh attended the programme, which was scheduled from April 15-25, 2001 at Christian Hospital, Chandraghona. CMAB president, Dr S M Chowdhury hailed the workshop "as a historical milestone between CMAI and other countries". CMAB has 30 mission hospitals as its members – a creditable feat when the Christian population accounts to be mere 0.3 per cent of the population.

Population statistics cannot be ignored. It is because of galloping population and a decrease in per capital health care expenditure by the government that private health care providers are mushrooming all over. Health care is now corporate business and like all other consumer facilities is covered by consumer rights and health insurance. Our lead article on health insurance is an overview on this topic.

The CMAI is gearing up for its platinum celebrations. We look forward to meeting each of you in November at New Delhi to make this celebration blessed and meaningful.

Justin Jebakumar
Assistant Secretary

Bible*speak*

Often Apostle Thomas who is called Didymus is quoted by many people for his disbelief. His name occurs in other gospels but in the fourth gospel, John paints a distinctive character of Thomas. The incident of Jesus appearing to Thomas after His resurrection (John 20:24- 31) reveals the uniqueness of his character which was not swayed by information alone.

When Thomas said "My Lord and My God" (John 20: 28) he underlines his personal affirmation and teaches us the difference between knowing Christ and owning. The crux is: Do I own Christ in my life or do I just know Him as God?

Christian Medical Association of India

Management by objectives works if you know the objective. Ninety per cent of the times we don't.

Peter Drucker

HEALTH INSURANCE

An overview...

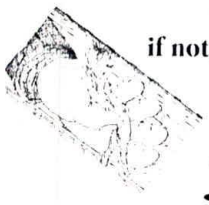
The new economic policy and liberalisation process of the government of India has paved the way for privatisation of the Insurance sector. To regulate insurance companies and its activities, the Government of India has formed the Insurance Regulatory Development Authority (IRDA). It envisages to improve performance and efficiency of insurance companies.

Insurance is prepayment for services that will be paid for by a (public or private) third party (i.e. the insurer) should a particular event occur. Insurance reduces risks by pooling risks. Health Insurance provides financial protection against the high cost of medical treatment and unpredictable health events. Experience from other countries indicate that if the health insurance sector is not regulated properly, it can lead to adverse consequences.

Existing Health Insurance

i) *Mandatory Health Insurance*

Government runs two major health systems viz. (a) Employees State Insurance Scheme (ESIS) for industrial workers (b) Central Government Health Scheme (CGHS) for central government employees. Under the schemes the beneficiaries (immediate family members) are provided a wide range of services through government managed dispensaries and hospitals.



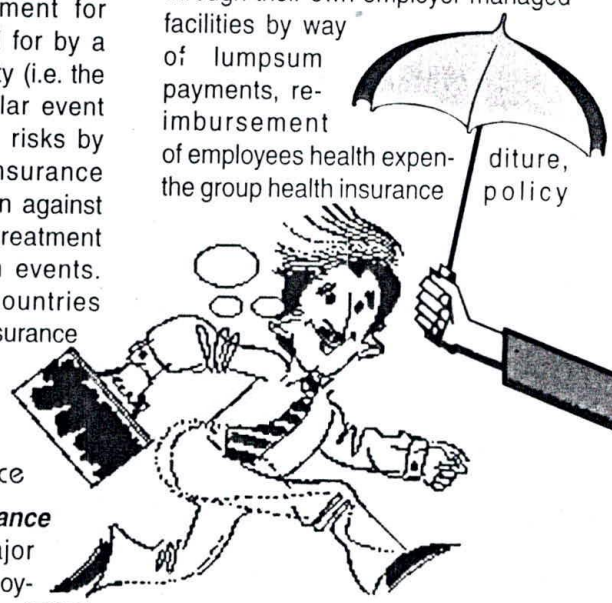
Health insurance if not regulated properly, can lead to adverse consequences

ii) *Voluntary Health Insurance*

Voluntary health insurance schemes for individuals and corporations are available through the General Insurance corporation (GIC) of India. GIC offers MEDICLAIM policy for individuals and Groups.

iii) *Employer Based Insurance*

Health Insurance is offered both by public and private sector companies through their own employer managed facilities by way of lumpsum payments, reimbursement of employees health expenditure, the group health insurance policy with one of the subsidiaries of GIC.



iv) *NGO Health Insurance Schemes*

A number of co-operative societies and NGOs (SEWA) have formulated different health insurance schemes for their members, particularly for those who are in rural areas and non-formal sector. These are estimated to cover 30 to 50 million people. Most of the schemes are financed from patient collections, government grants and donations. Patient collections generally comprise premiums or fee-for-service payments. Many hospital-based schemes pay hospitals on a case basis or fee per service basis. A major challenge is to find ways and means in which accessible care of good quality can be organised using a maximum of non government resources in a transparent and accountable manner.

Different insurance corporations in India have designed medical reimbursement schemes for individuals or groups of urban areas (see box 1).

Under these schemes, the insured person makes the payment to the service provider (hospital/clinic) first, thereafter submits the bills to the insurance company for the purpose of reimbursement.

Different schemes have different premium and benefit coverage, some of which are given (see box 2) for a quick understanding of the factors involved.

(Box 1)

- ☑ Jan Arogya Policy
- ☑ Bhavavishya Arogya Policy
- ☑ UTI's Senior Citizens' Unit Plan
- ☑ Asha Deep with LIC
- ☑ Group Mediclaim Policy
- ☑ Group Mediclaim Policy for Card Holders
- ☑ Cancer Insurance Scheme
- ☑ Birthright Insurance Scheme
- ☑ Overseas Policy Mediclaim

Health Insurance Issues

Conflicts arising out of adverse consequences, if not regulated properly

- Moral hazard
- Information gap problem
- Fraud and ethical standards
- Consumer satisfaction
- Impact on cost of care
- Payment mechanism for doctors and hospitals.

Recent Innovations

1. Preferred Provider Organisations (PPO) consists of a network of health providers, which may include doctors and hospitals. PPO is offered as an option to employees in lieu of traditional indemnity plan. The providers in the PPO network offer discounted service charges to the employees of PPO covered organisations.

2. Health Maintenance Organisation (HMO)

It has four attributes:

1) An organised system for proving health care in a geographic area, which entity accepts the responsibility to provide or otherwise assure the delivery of 2) an agreed upon set of basic and supplemental health maintenance and treatment services to 3) voluntarily enrolled group of persons, 4) for which services the HMO is reimbursed through predetermined, fixed, periodic prepayment made by or on behalf of the each person or family.

(Box 2)

Policy/Scheme	Target	Annual Premium (in Rupees)	Coverage (in Rupees)
Jan Arogya Scheme	Adult individual	70	5,000
Jan Arogya Scheme	2 Adults + 2 Children	240 to 380	20,000
SEWA (Self Employed Women's Association)	Insured for Sickness And Maternity	30	1,000 300
Birth Right Policy	Expectant mothers age group 18 to 45 yrs, covers congenital anomalies	200 to 1,500	10,000 to 75,000
New India Assurance Company	For permanent residents of Goa by Govt. of Goa	1,00,00,000 (for state of Goa)	30,000 Max for an episode of illness
Andhra Pradesh Government	Couples below poverty line, who undergo sterilisation	75 per family borne by the Government	4,000 per year 20,000 for 5 years
State Sickness Fund of the Government of West Bengal	For poor people	Funds depend on budgetary support of the Govt.	Reimburse medical expense
Mediclaim	5-70 Age group	2,825 to 5,700 based on age	Reimbursing upto 3,00,000
Good Health Mediclaim	Upto age 65	646 to 4,436 based on age	55,000 to 5,00,000
Medicare Service Club (Empanelled Nursing homes/ hospitals	Upto age 70	900 to 5,304 Members	1,00,000 to 5,00, 000

Issues for Mission Hospitals

- High motivation to serve the poor
- Modern equipment
- Prompt service
- Service vs resources
- Transparency in providing information
- Study and awareness of different health insurance policies, with particular reference to claim eligibility
- Cost vs affordability of the patient
- Cost vs technology upgradation / modernisation
- Regulatory matters like:
  - Consumer Protection Act
  - Code of ethics of doctors
  - Improved documentation, dissemination of information / data and communication
  - In some developing countries, community groups, rural co-operatives and mission hospitals have created networks of informal insurance funds to finance emergency medical care or simple health services for members
  - Periodic training programmes to different categories of personnel
  - The clinic/hospital should be adequately equipped and staffed
  - Establish health information system

Conclusion

The mission hospital is faced with situations, where patients look for quality health care as most essential. This is an opportunity for mission hospitals to upgrade the hospital systems. Considering the implication on private health providers, it will lead in the direction of developing high cost and accreditation system for providers.

Also the models emerged else where (ACCORD, SEWA) need to be studied and applicability to be examined for community based insurance schemes. Many of these schemes have been implemented successfully by effective monitoring mechanisms, pricing of various services, linking of insurance schemes with savings etc. To conclude, health insurance is a cover and protection for everyone – the insurance company, the hospital (service provider), the patient and government. Should we not look for a win-win situation?

Dr. Sweety Premkumar
Management Consultant

XIVth Workshop on Hospital and Health Services Management, 2001

The XIVth workshop on Hospital and Health Services Management was successfully organised at Bangalore from February 4-16, 2001.

Thirty participants, which included 17 administrators, nine doctors and four nurses had a 14 days intensive training programme.

The day began with Bible study and prayer and many of the participants appreciated this quiet hour before the days hectic study session.

Mr. Stephen Hayes, CEO of the Aga Khan Health Services in Pakistan along with Mr Brian Windsor led the first week's teaching covering the fields of general management and, human resource management. The duo brought the participants the fruits of their rich and wide experience in the UK National Health Service and Mr. Hayes' challenging experiences in Karachi.

The second week covered more specialised topics such as Finance, Human Resource Development, Hospital Laws, Strategic Planning and Total Quality Management contributed mainly by eminent visiting faculty.

Field visits were made to the Manipal Heart Hospital and another to Bangalore Baptist Hospital which proved to be a good learning experience for the participants.

While the learning was a challenging and broadening experience, the more difficult task of its application at the workplace will be the real measure of the success of this workshop. The organisers have already begun planning the next year's workshop and welcome suggestions for improving and including topics of interest.

LEGAL WATCH

Finance Act Amendment, 2001

The following clause (c) shall be inserted after clause (b) of section 12A by the Finance Act 2001, w.e.f. 1-4-2001.

(C)Where the total income of the trust or institution as computed under this act without giving effect to the provisions of sections 11 and 12 exceeds one crore rupees in any previous year, the trust or institution.

(i)Publishes its accounts in a local newspaper, before the due date for furnishing the return of income under sub-section (4-A) of section 139; and

(ii)Furnishes a copy of such newspaper along with such return.

Source: *Income Tax Act*, 2001

Information sharing

We have been receiving useful information on management and it's related fields such as finance, legal etc.

If you would like to receive these information by e-mail, kindly send your e-mail to the editor:

justin.jebakumar@cmai.org

Clipboard

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Employment policy should be used more extensively to encourage, with incentives, and to facilitate, with supporting assistance, the creation of a greater number of skill-intensive jobs in the service sector.

E. Redefining the nature of work and employment

116. It is necessary to broaden the very conception of work with a view to creating the possibilities for greater number of persons to participate meaningfully in worklife. There is a great deal of socially useful work that could be performed within the framework of a wider conception of productive work and employment. Care for ageing populations, humane responses to the needs of the homeless and instilling social values in children are just some of the personal and human services that need to be carried out more extensively. While such work cannot replace more traditional forms of self-employment and wage employment, it is becoming increasingly important and deserves fuller attention as a complement to other policy action. The institutional and policy challenge is to create mechanisms which encourage greater performance of socially useful work by combining the functioning of the market with the values and motivations which underlie much present-day volunteer activity. A related challenge is to address the fact that too much work performed by women currently goes unrecognized and unremunerated. Greater financial recognition of women's multiple roles both within and outside the household could improve their status, economic independence and treatment within society.

Governments and the various actors in civil society should engage in an active dialogue on the possibilities and institutional requirements for the wider introduction of a broader conception of work and employment.

117. While the central aim of employment-centred policy and development strategy should be to create more and better jobs over time, attention could also be given to voluntary work-sharing. This should not take the form of increased involuntary part-time employment, which is a particular problem for many working women. The aim is to combine formal employment with other activities for those men, women and young people who seek alternatives to a full-time job. Conventional part-time employment and more innovative work-sharing and job-sharing arrangements may be welcomed by many single parents, spouses or partners who need to divide their time or wish to share employment and family responsibilities more fully, young people who could benefit from combining education and training with work, elderly workers desiring a phased retirement and disabled workers preferring a shorter work week. While examples of alternative working arrangements can be found in all societies, any acceleration of the move in this direction will require broader-based changes in attitudes and accompanying institutional arrangements. In industrialized countries, where for many decades now the traditional life cycle has consisted of successive periods of education, employment and retirement, the time is ripe to seriously consider and actively encourage alternative lifestyle patterns, as well as greater alternation among activities.

Governments should examine personal taxation and social security legislation with a view to ascertaining how provisions could be changed to facilitate much greater flexibility in the division of a person's time

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between education and training, paid employment, volunteer activity and other socially useful forms of work, family responsibilities, and leisure and retirement.

F. Focusing on specific needs

118. Young people, woman workers, the long-term unemployed and migrant workers are some of the groups of people with special needs who require additional forms of assistance. Young people struggling to find a first job, women performing multiple roles that leave them overworked and underpaid, migrants facing unequal job opportunities, disabled workers confronting discrimination, older workers compelled to overcome negative stereotypes, and indigenous and tribal peoples, who are among the poorest, least protected and most vulnerable groups in society, all share in common their disadvantage in securing and/or retaining good jobs. While all such groups can benefit from a major upturn in employment-generating activity, each experiences particular job market and employment problems of a qualitative nature that call for specific, well targeted, supplementary forms of assistance.

Programmes for disadvantaged or vulnerable groups, in addition to reflecting a true understanding of the underlying problems of each group, must pass the test of being both equitable and efficient. They require continuous monitoring and periodic evaluation to ensure that they are reaching their intended beneficiaries and producing results which are sustainable.

119. Young people in growing numbers across the globe are out of work and often running out of hope. They are particularly prone to drug abuse, criminal activity and violence. Only through productive work opportunities can they be helped to gain a foothold in working life and to assume active and meaningful roles in their societies in the years to come. High fertility rates require that productive jobs be created for a continually growing labour force under conditions of already widespread unemployment and underemployment.

More general measures aimed at expanding productive employment and reducing unemployment must be complemented by specifically designed and targeted youth training and employment programmes. Young people should be assisted through a combination of programmes providing basic knowledge, technical and social skills, work experience and temporary employment. Youth schemes and special youth employment programmes should serve the purpose of preparing young people for durable employment opportunities or facilitating their self-employment.

120. A rising proportion of unemployed youth also form part of the long-term unemployed, although the latter problem cuts across the full spectrum of the working-age population. Mid-career and older workers trapped in long-term unemployment can suffer an erosion of their skills and a loss of human dignity.

Assistance packages for the long-term unemployed should place special emphasis on retraining, counselling and job search components.

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121. Migrant workers have made an important economic contribution to the countries of immigration and, in the process, generally improved their own employment and income situation. When the hiring of foreigners is demand driven, it tends to be entirely beneficial. But growing inequalities between countries have increased pressures for emigration in excess of the entry levels fixed by host countries. As a result, there is an increased temptation to migrate illegally, with all the risk of exploitation that this involves. Anniv cooperation is required to maximize the benefits of migration, as well as to facilitate the reintegration process of returning migrants.

There is a need for greatly intensified international cooperation and assistance among countries of emigration and immigration, which would be i the interest of both.

122. Women have specific needs requiring employment policies that aim to improv their situation and extend well beyond job creation. It is therefore necessary to strive for changes in attitudes, roles and relationships at the workplace, within the household and within society at large.

In focusing on the specific needs of women, policy makers and the various actors in civil society should place greater emphasis on women's multiple roles and on how these both influence and are influenced by their employment status. Attitudes, the division of labour based on gender, and institutional support systems must change accordingly.

123. For the labour force generally, and for groups with special needs in particular, efforts must be made to achieve a better match between labour suppl and demand and to help workers to adapt to continually changing labour market conditions. The timely provision of relevant and reliable information on employment opportunities can assist individual workers to better orient their job search and facilitate more coherent patterns of labour force movement acros the economy. In addition to their traditional task of seeking to place unemployed workers, public employment services can help raise job seekers' leve of employable skills, develop, operate and evaluate special employment programmes, and manage worker redeployment and relocation schemes.

The international community and, in particular, the relevant organization of the United Nations system, can help to strengthen the capacity of national administrations in many developing countries and economies in transition to collect and effectively utilize labour market information. Greater assistance could be provided in the construction of appropriate indicators and the collection, compilation and analysis of the required information for policy purposes.

Public employment services can be strengthened to enable them to play a more direct role in assisting workers to adapt to a changing job market. In consultation with employers' and workers' organizations, public employment services also might coordinate such complementary functions as unemployment insurance, employment counselling, training, job search and placement.

G. Enhancing the quality of employment

124. An employment-oriented approach to development does not imply creating or condoning any type of work. It requires improvement in the quality of both existing and new jobs. Technological improvements have eliminated many jobs which were hazardous, arduous or unpleasant. Yet there is considerable scope for further progress. An example of the dichotomy between more jobs and better jobs can be found in the fact that while more women are employed worldwide today, most of them are still clustered in low-paying, low-skilled jobs offering little or no potential for advancement. The aim is to create more, and better, value-adding jobs, to provide people with the qualifications to fill them, and to facilitate the matching of suitable jobs and qualified workers.

125. In broad terms, the quality of employment covers the content and methods of work; the income received; working conditions, including safety and health practices; the terms of employment, including job security; equality of opportunity and treatment; and the nature of the employer-employee relationship. Higher quality employment increases motivation and productivity and leads to higher quality work. It is the most productive enterprises, in turn, that directly or indirectly create the most employment over time. High quality jobs can thus be seen as good for workers and employers alike.

126. Improvement in the quality of jobs, just as in the number of jobs, is a fertile area for social dialogue between public authorities and democratic and representative institutions and groups, including employers' and workers' organizations. Thus, importance is attached to sound industrial relations systems based on freedom of association and the right to collective bargaining.

127. Fundamental to the quality of employment is safeguarding the basic rights of workers. Standards in such areas as the abolition of forced labour, freedom of association, the right to organize and to collective bargaining, equal remuneration, the abolition of child labour and the elimination of discrimination in employment have been widely ratified by Governments, but their application and enforcement can still be strengthened. Special attention needs to be given to the total abolition of forced labour and the progressive elimination of child labour, especially in its most abusive and exploitative forms. Overall, only employment which safeguards the basic rights of workers should be promoted. Employment which does not meet minimum standards must be upgraded.

> Governments should more strictly observe their obligations under the standards which they have ratified in the field of human rights.
>
> Employers' and workers' organizations, non-governmental organizations, and human rights and community groups should all play an active role in seeking greater protection of working children and the progressive abolition of child labour.

128. The rights of migrant workers also should be respected and protected. The international community has shown that it is aware of the special problems faced by migrant workers and members of their families, particularly in respect of employment and social integration in the host countries. The International

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Labour Organization adopted the Migration for Employment Convention as far back as 1949 and supplemented it in 1975 with the Migrant Workers Convention. In 1990 the United Nations General Assembly adopted the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, but it has not yet entered into force.

Governments should ratify existing instruments pertaining to migrant workers and strive to implement their provisions.

129. Efforts to improve the quality of employment should take account of the special circumstances of the informal sector. Informal sector enterprises operate outside most protective regulation. They cannot afford the financial burden of conforming to large numbers of regulations; yet the fact that, to a large extent, they operate beyond the law reinforces their precarious existence. The aim, therefore, should be the progressive extension of basic labour standards and forms of social protection to the informal sector without choking off its ability to employ people.

In priority areas of protection, such as occupational safety and health, informal sector enterprises and workers should be provided with information and guidance on how to reduce risks often through the application of simple and inexpensive measures.

130. If a major policy goal is to gradually improve the overall quality of employment and to enable workers to move from low productivity, dead-end jobs to better quality jobs, then education and skill levels have to be raised for large segments of the labour force in many countries. Well-defined educational priorities and greater investment in appropriate education and training systems can enhance the quality of the workforce and improve its chances of holding better jobs. Experience has shown the value of promoting high-quality universal primary education in particular. In East Asia, for example, basic education for all and wide access to secondary and higher education has provided a foundation for shared growth and contributed substantially to upward mobility. But it is estimated that at least 130 million school-age children globally are not enrolled in primary school and their number may grow to 162 million by the year 2000.

131. It is therefore necessary to identify and eliminate the factors leading to unequal educational opportunities on the basis of gender, income, residence, and ethnic or cultural differences. Improving basic employment literacy has to remain a high priority. At the same time, the growing obsolescence of many skills and the increasing demand for newer skills require the establishment of effective links between education and the world of work, as well as arrangements for continuous learning.

There is a need to develop more effective forms of collaboration among public sector institutions, private for-profit institutions, and private non-profit institutions and cooperatives, with a view to building better bridges between education and training on the one side and employment and working life on the other.

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132. A solid general education provides good grounding for the acquisition of specialized skills and for renewing, adapting and changing them more rapidly. Training programmes have to be more responsive to the changing job market and also ensure equitable access to training opportunities. Training of the long-term unemployed to facilitate their reabsorption in productive jobs is especially needed.

Training policies should offer incentives for enterprises to provide, and workers to acquire, training on a continuous basis as part of a process of adapting to changing technological and skill requirements. Well-designed and adaptable vocational training and apprenticeship programmes are important and should be encouraged and supported through technical assistance programmes, including those of the United Nations system.

133. Practical measures are required to improve the efficient and non-discriminatory operation of labour markets. Such policy efforts include stimulating the demand for labour; identifying skill shortages and surpluses; providing orientation and counselling services and active help in job search, and occupational choice and mobility; offering advisory services and support to enterprises, particularly small enterprises, for the more effective use and development of their workforce; helping young people to develop needed skills and find a first job; and establishing institutions and processes which reduce discrimination and improve the employment possibilities of groups that are disadvantaged in the job market.

Governments, together with employers' and workers' organizations, should more widely introduce, help to implement and monitor the results of active labour market policies.

IV. SOCIAL INTEGRATION

A. Revisiting social integration

134. Our societies are each the unique product of distinct local histories, but they all have this in common: they typically embrace different cultures and linguistic, ethnic or religious groups; and citizens differ in their perception of their economic interests, of the good society and their place within that society. We draw strength from this diversity and see it as enriching and giving vigour to our communities.

135. We recognize that the concept of social integration is both complicated and potentially deceptive. Social integration may take various forms, depending in part on the context in which it is pursued. Individuals are not alone but belong to social networks. They are members of families, communities, ethnic or religious groups, nations and, increasingly, a global society. Individuals may be integrated in varying degrees in one or more of these networks, and disintegration at any one particular level may not, in itself, be a cause for concern but must be evaluated in the context of the entirety of social networks. Not all kinds of integration are equally valuable and some are clearly undesirable, such as hierarchical integration and coercive integration. The

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objective of social integration cannot be pursued at any cost but only in so far as it is consistent with certain basic human values.

Protecting the integrity of indigenous and tribal cultures and ways of life is an important goal. To achieve this, it is essential that legitimate representatives of these peoples participate fully in defining economic and social policies affecting their life.

136. We believe that the aim of social integration is not to eliminate differences but to enable different groups to live together in productive and cooperative diversity - within our national borders and in the wider setting of the "global village". An integrated society should be able to accommodate differences within a framework of shared basic values and common interests. We thus seek to promote a pattern of development that is consistent with justice for the individual and harmony among groups and countries.

137. We also recognize that such harmony is always precariously maintained. We have seen and even experienced, the effects of polarization and fragmentation, of violence in its many manifestations and, on occasion, total social breakdown. In this context, we recognize that rapidly widening disparities - political, economic, social - whatever their origin, need to be addressed.

B. Protecting diversity based on shared values

138. A viable society will need to accommodate diverse interests and cultures within a framework of shared basic values. The main elements of such a framework are to be found in the international human rights instruments adopted since the founding of the United Nations. Central to their message is the conviction that unity may best be fostered by tolerating diversity, that dissenting views should freely coexist with the dominant values of society, and that "a society for all" should be able to adapt to the needs of its various constituent groups. In such a context, interaction among diverse peoples, ethnic and religious groups, cultures and sub-cultures is a positive force for creativity, innovation and change.

139. When all groups in society feel that the institutions of government are responsive to their needs, differences in wealth, income, occupational prestige or social status are accepted, especially when seen to uphold a system which rewards the special contributions of those who show enterprise, take risks, work harder or distinguish themselves in various other socially useful ways.

To protect diversity within a framework of shared values, three types of measures should be taken:

(a) In the public sphere, by assigning responsibilities to the different levels of government to take account of the interests and cultures of citizens in different regions and localities while serving the broader national interest;

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(b) In the market sphere, by recognizing the social value of organizing functions around an economic interest, allowing autonomy of decision-making to diverse agents of society in pursuit of their goals;

(c) In the sphere of civil society, by fostering a climate that favours organizations championing a range of civic objectives and that assists individuals in their interaction with both government and the market.

140. If the institutions of States lose the capacity to safeguard the interests of all citizens, irrespective of ethnicity, creed or belief, the tendency towards social disintegration is encouraged, sometimes leading to group violence and civil strife. Such conflict has obvious negative consequences for development, including a rapid increase in the number of internally displaced persons and refugees.

Conflict resolution must include attention to social aspects of reconstruction, including encouraging processes and institutions which enable rehabilitation and reconciliation among previously hostile groups. Post-conflict recovery not only must include a resumption of development activities interrupted by hostilities, but also represents an opportunity to address development in a different way, with more articulate emphasis of social considerations. The support of the international community for consolidating solutions and for preventing the recurrence of social conflict is essential.

C. Ending discrimination in all its forms

141. The idea of "us" and "them" is age-old. Group loyalty can often be a positive force, while peoples' discomfort with others who are different is mostly harmless. What is socially harmful and disruptive is systematic discrimination by the majority against minorities, or when a stronger group suppresses the rights of weaker groups.

142. Social antagonism and accompanying discrimination tend to be strongest when fundamental economic stakes are involved, when there is sharp competition for access to land and other resources, and for work, public services and benefits. Periods of economic distress normally exacerbate such tensions. Conflicts can also be aggravated in periods of achievement when the fortunes of different groups diverge markedly.

Ending institutionalized discrimination in the public sphere should be a realistic objective and must be a priority of policy. Appropriate legislation is needed to counteract discrimination. Insisting on non-discrimination in the administrative codes and ordinances of public institutions is another measure that Governments can take. This can be reinforced by all public institutions setting a good example.

Given the long-standing discrimination against women, based on their traditionally subordinate roles to men, special efforts are needed to develop policies to end discriminatory practices in employment, education and access to public services, as well as in other domains.

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The concept of civil and political rights has proved powerful in providing individuals and groups subject to discrimination with the means for correcting injustice and enhancing social integration. Governments can promote this process by clearly stating the rights which all citizens can expect to enjoy and by ensuring that the legal system is open to all as a remedy for limitations or those rights.

In the aftermath of violent and prolonged conflicts, the international community should assist countries and communities in securing reconciliation among groups, reconstructing social institutions that have been destroyed, reintegrating displaced persons and re-establishing the rule of law and respect for human rights.

D. Promoting equal opportunity

143. The end of de jure discrimination, while essential, is typically only the first step to non-discrimination de facto, to the betterment of the quality of the lives of women, ethnic groups, migrants or disadvantaged and marginalized groups. The economic, educational and other disadvantages that are the result of past discrimination can perpetuate inequality for a long time after the formal discrimination ends. Legal prohibition of discrimination, even if rigorously enforced, cannot by itself eliminate social discrimination.

Efforts on a wide front are needed to promote equal opportunity for all, especially in education and employment. There is a need to ensure that such efforts do not provoke a sense of "reverse" discrimination. Arbitration and conciliation procedures should be developed at local and national levels. Systematic evaluation of programmes to promote equal opportunity and of their effectiveness is needed, as well as a systematic exchange of national experience, particularly at the regional level.

144. Recalling the earlier analysis and proposals relating to poverty and employment, it is evident that equality of opportunity can most easily be fostered in a context of expanding economic horizons and employment, goals already identified as important social objectives in themselves.

Where economic growth, structural transformation and technological chance are destroying skills and institutions and threaten to marginalize people, or even entire communities, specific measures are needed to encourage new economic activities and the speedy reabsorption of displaced workers.

E. Education as an integrating force

145. Formal education is now the principal means of socializing children and provides their first opportunity for interaction outside the immediate family. Access to education and the quality of education condition opportunities in later life. The education and training of young people prepare them to cop with their world and their future, including their professional life. The

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prospects of first-time job seekers will depend on the content of the educational curriculum and the nature of the training received.

146. From the perspective of social integration, therefore, equal access to basic education - and thereby to knowledge and information - is vital, as the effective social functioning of groups and individuals in a modern economy increasingly depends on it.

147. Access for all to basic education is also vital to the fostering of shared values in a society and to the provision of a common starting-point for entering employment, pursuing opportunities in formal secondary or higher education and active participation in civil society. Universal access to primary education does not guarantee equality of opportunity in later life. It does, however, mitigate many existing social inequalities.

Enabling girls to complete their education is of fundamental importance. The long-term gains to society, and not just for the status of women, from the increased enrolment of girls in school are substantial.

When quality varies sharply at the level of primary education, it can perpetuate divisiveness while appearing to promote integration and equality of opportunity. Attaining greater uniformity of quality while raising general standards and expanding enrolment remain challenges which deserve priority attention.

Special attention needs to be given to the provision of school facilities for children in sparsely populated and remote areas, for children of nomadic, pastoral or migrant parents, and to securing access to schooling for street children or children caring for younger siblings or disabled or aged parents, for disabled children and for children stigmatized by society for any reason.

Education should be seen as a powerful tool against discrimination. Education policy must also strike an appropriate balance between promoting the common values on which a society is built and preserving an organic diversity of regions, cultures, languages or religions, as well as pedagogic content and orientation.

F. Establishing the principles of access to the institutions of the State

148. For a society to be truly integrated, it should be based on the principle of equal treatment of those in the same circumstances in matters of law, taxation and the provision of public services - education, health care, shelter-related services, social welfare or developmental services - while recognizing the need for differentiated treatment to allow for differences in individual circumstances.

149. How resources should be most efficiently distributed to meet the needs of different claimants will depend also on the overall level of provision. Social equality through public intervention is best promoted by universal provision

when the resources are relatively easily available and by targeting when the resources are particularly scarce. When scarce resources are thinly spread to provide universal or wide coverage, quality tends to suffer. Those with adequate means will then tend to seek better private provision, undermining the integrating function of the public services.

From the perspective of social integration, or the objective of maintaining social cohesion, it is important to keep a balance between universality and quality, between accessibility for the poorer segments of society and continued interest in participation by those who are better off, and between protection of the weak or vulnerable and the promotion of the interests of broad segments of society. A pragmatic approach is to concentrate on policy measures to meet the needs of wide segments of society, supplementing such measures with programmes aimed at groups with specific problems. In this way, access to the opportunities available through general policies is facilitated.

G. Responding with special measures to special social needs

150. In order to mobilize efforts or resources for any policy or programme, there must be either strong support from vested interests or a notion of social solidarity. By definition, disadvantaged or marginalized groups do not have the power to advance their own cause, but must appeal to social solidarity or the common interest.

151. Public support has tended to be strongest for programmes which may benefit population groups much larger than the group of actual beneficiaries at any one time. In this category belong, among others, unemployment and disability benefits.

152. From the perspective of social integration, it is important to engender a sense of shared interest and universal access to certain services. Where quality is of major importance - education being a particularly prominent example - a public system that does not serve the better-off strata but mainly the less well-off tends to fall short on quality. Such a system will tend to perpetuate the very divisions it is seeking to redress. Voluntary opting out by the middle classes may be as serious a problem as their privileged access to public services.

Policies for the disadvantaged should be designed so as to secure and retain public support on a scale commensurate with needs.

153. An important principle being stressed in the framing of social policy is that the emphasis should be on special needs rather than problems. A positive attitude emphasizing needs rather than a negative attitude emphasizing problems is in the spirit of a society able to accommodate differences; it is also more likely to mobilize and sustain public support in the long run.

154. Needs change over time and it is important for institutions and public policies to be able to adapt, to change and preferably to anticipate change.

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However, there are certain groups such as the aged and the disabled whose needs are widely accepted:

> Where demographic change is towards an ageing of the population, public resources and policy attention need to be reoriented, and public services adapted so that older persons can maximize their contribution to society, in the spirit of "a society for all".
>
> Policy concerning disabled persons must focus on the abilities of persons with disability rather than on their disability; on the contribution they can make to society rather than their claims on society; and on their dignity and rights as citizens rather than as objects of charity or welfare.

H. A shared concern: fair treatment outside one's country of origin

155. Discrimination against strangers is age-old. Strangers were defined only recently as inhabitants of a nearby village; now, more typically, they are seen as citizens of another nation; as foreigners inhabiting, or making claims on, another State; or as refugees or migrants.

156. Notions concerning the freedom people have to migrate in search of a better life and their right to cross national boundaries and settle in other countries have differed over time and from place to place. Migration today occurs on a massive scale and is unlikely to diminish in the near future; it is more likely to increase.

157. The capacity of societies to absorb migrants varies. The limits of absorption will depend not just on numbers but also on the objective conditions in the host society.

> Targeted government measures as well as the example they set for the efforts of the institutions of civil society can help shape positive attitudes towards migrants. Policies to protect migrants and to promote decent conditions for them will enhance their contribution to the host society and help to maintain social tranquillity. Migrants, once admitted, have the right to the full protection of the laws of the host society.

158. Migrant children and second-generation migrants often face a particularly difficult situation. Having acquired the expectations of their local peers, they do not easily accept the values of their migrant parents or willingly tolerate the hardships their parents have faced, and yet they are often confronted with lifelong discrimination as outsiders. While their parents are typically integrated into the host economy, although often in subservient roles, these young and second-generation migrants are often in danger of being marginalized or excluded from society; or they may be forced to repeat the subservient experience of their parents.

> Preparing these young people for work and breaking down barriers of hostility and exclusion are two essential dimensions to government efforts

to improve relations between migrant and host populations and, more broadly, to promote social cohesion. Again, specific measures on the part of government as well as other social agents are needed to meet their particular concerns.

159. The problem of international refugees has increased dramatically in recent years as a result of increasing nationalistic, ethnic and communal tensions and social disintegration in a growing number of countries, with the number of refugees increasing from 2.5 million in 1970 to 18 million in 1993. The need to provide asylum for and to protect refugees is greater than ever before, but the limits of the absorption capacity of receiving countries means that new approaches to the problem are urgently needed.

The international community must not only ensure the protection of refugees, but must also expand and improve its efforts to promote social reconstruction and reconciliation in the countries of origin of refugees, allowing them to return home safely and voluntarily and assisting them in the process. Improved mechanisms on both the national and international levels are also urgently needed for identifying and resolving social conflicts before they become violent and generate new waves of refugees.

I. Bringing government closer to the people

160. Social integration also means bringing government closer to people. This can take many forms: devolution and decentralization; promoting grass-roots and non-governmental organizations; direct participation; and new forms of partnership between public authorities and the private corporate sector, including new forms of privatization.

161. There are many indications of a desire for change in the management of public institutions and in the way government responds to citizens' needs. Such change would build on what government has done effectively in the past, correct practices that have been shown to be ineffective, and abandon those made obsolete by time.

162. In countries where the State organizes or provides directly a wide range of benefits and services and has built up a considerable and complex administrative system to manage its extensive activities - and this group would include both older and newer market-based societies - there is the need simultaneously to improve efficiency and accountability and to humanize the bureaucracy.

One approach to improving public services is devolution or decentralization. Decentralization efforts need to reconcile efficiency, accountability and quality or relevance of service. More attention needs to be given to the optimal scale on which services should be organized and how to match them with corresponding administrative and jurisdictional entities. The appropriate scale differs, depending on whether the emphasis is on efficiency, accountability or quality, and the optimal scale varies for different services. Experience suggests no easy solution, but some reforms clearly have worked better than others, and experience here could be shared more widely among countries and, especially, local authorities.

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163. A common dissatisfaction is that government services are "supply driven". What is provided and how should not be determined primarily by institutionalized interests that have privileged access to government through formal consultative channels and through other networks. The "client" must not be lost in a bureaucratic maze and forced to take what he or she is offered by "those who know best".

To reorder the systems of providing public services in a way that responds to "client" needs and at the same time meets the test of efficiency, the following measures commend themselves: the creation of so-called "internal markets", when beneficiaries are given the opportunity to select among a number of public providers of goods and services; the involvement of non-governmental organizations in the design and delivery of services; and expanding choice through a "voucher" system, tried in several countries at national and sub-national levels. Other means include subcontracting services to private providers, setting performance targets for public entities and involving citizens' groups in monitoring performance.

J. Creating space for civil society

164. In all societies, needs are met through different means and channels: the actions of government, at different levels; the commercial activities of private enterprise; and the interaction of the institutions and networks of civil society, including non-governmental organizations of many types, professional associations, trade unions, civic groups, self-help and community groups, cooperatives and informal groupings. The latter are distinguished by their often voluntary nature and shared interest.

165. In industrialized countries many of the functions traditionally undertaken by members of the family, especially by women, the kin group or community, have been gradually organized and professionalized and are now performed by public or private agencies, both for-profit and not-for-profit. In recent years attention has shifted to the role of the institutions of civil society, the community and the individual regarding the distribution of responsibility in performing these roles. In developing countries traditional institutions, including the family, are undergoing rapid change, sometimes eroding and therefore losing their ability to serve the community in the discharge of caring, socializing and general support functions. The rapidity of change - as symbolized, for example, by the rate of urbanization and internal migration - in relation to the growth of resources makes it impractical to contemplate widespread resort to the solutions found in an earlier period by the industrialized countries. This naturally concentrates attention on the need to emphasize institutional development as part of the broader effort to maintain social cohesion in rapidly changing societies.

166. The institutions of civil society can play an increasingly important role in mediating between the individual or immediate family and the government or private organized commercial sector. Many needs are met through reciprocal and self-help arrangements and are especially important where the population is mobile, is trying to establish new roots and has limited financial resources. It is important for government, especially local authorities, to encourage

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self-help activities through such networks, which provide mutual assistance and a means of combining the limited resources of Governments with community resources.

Given the scarcity of resources, a priority for government action is support for the development of self-help organizations that may mobilize the people concerned, provide services and work with government to improve public services. Government can be instrumental in establishing an appropriate climate in which such institutions and initiatives can flourish. To this end, it can enact legislation, review and simplify administrative practices that tend to stifle opportunities, and reach out through specific programmes to support a wide range of citizens' and grass-roots organizations. The role of the cooperative movement also needs to be highlighted. Cooperatives, quintessentially democratic organizations, deserve special attention in the broader context of fostering democratic, participating institutions. Many different forms of cooperation have emerged in recent years, bringing together producers, consumers, clients, or various combinations of these groups. Activities have expanded into many areas, covering a growing list of social services.

V. MEANS OF IMPLEMENTATION AND FOLLOW-UP

A. Guiding principles for implementation

167. As emphasized in the draft Declaration and the draft Programme of Action, social development and social progress require the participation and interplay of many actors. The first four chapters of this draft Programme of Action have identified a mix of policies and actions which Governments and other key actors, operating at different levels, can undertake with a view to eliminating poverty, creating more and better employment and enhancing social integration. These objectives cannot be achieved, however, through social policies alone, although well-designed, properly targeted and efficiently run social programmes and measures have an important role to play in addressing many social needs. But the nature and gravity of social problems is such that comprehensive efforts to address them must be reflected in economic policies, the allocation of resources and cooperative alliances among actors. Central to the overall effort to advance social progress must be a shared commitment by all the major actors to respect principles, accept responsibilities and pursue courses of action that promote the common good and greater well-being. Also, the manner in which different actors and different centres of decision relate to each other is of critical importance. This explains the frequent reference in the Programme of Action to institutional development. The cornerstone of a global undertaking of this magnitude must be a sense of greater solidarity among actors both within and between nations. It might take the form of a charter for social progress, a global strategy for the betterment of the human condition, a social contract for human security and human solidarity, or a global compact for social development.

168. Equity and solidarity imply that all members of society, starting with those who are weakest, poorest or among the most vulnerable, benefit from their fundamental rights. In all cases, the most basic human rights must be safeguarded. Individuals and groups also have varying interests and different

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needs. As these cannot all be met simultaneously, a democratic process comes into play wherein agreement on a set of shared basic values provides a foundation for establishing the needs and interests whose fulfilment serves the common welfare. It is only through a continuing dialogue among the key actors, including the people themselves, at both the national and international levels that the common good can be defined and, as necessary, amended in the light of changing circumstances. In addition, the consultation process offers the best means for reaching agreement on implementation requirements.

169. The starting-point for establishing the foundation for solidarity at the national level is good government. Public authorities should set the tone, in political and ethical terms, in a manner which encourages the various other actors to assume their roles and discharge their responsibilities in promoting social development. The State plays a key role in shaping an enabling environment in which rights are respected, interests are reconciled, needs are met and responsibilities are shared.

170. Parts I-IV of the draft Programme of Action have called upon Governments to inter alia provide a stable legal framework, ensure respect for human rights, promote equal opportunity for all, especially in education and employment, put an end to de jure discrimination, promote and encourage the growth of representative organizations of the civil society, provide a framework for dialogue and negotiation among interest groups, ensure the sound management of the economy, construct and maintain needed physical and social infrastructure, design policies and incentive structures that encourage enterprise creation and employment-intensive growth, improve the access of the poor to productive assets and basic services and assist them through adequate schemes of social protection. But while each of these fields of activity is crucial for progress in the three core areas, a Government's commitment and enabling role transcends specific areas of policy action and institutional development. It is reflected in the adequacy of resources made available and the willingness to reorder budgetary priorities in an appropriate manner. It is demonstrated by a consistency in decision-making that adds up to a set of coherent, mutually reinforcing policy responses. It is illustrated by a willingness not only to ratify international instruments in the social domain but to strive, to the fullest extent permitted by national circumstances, to implement their provisions. And it is manifested not just by designing and carrying out programmes and projects but by developing a capacity to monitor and assess progress towards the achievement of stated objectives and established targets.

171. Within the framework of a sound enabling environment, private employers have a major role to play in establishing enterprises, generating wealth and creating jobs. They perform an economic function and have a critical social role. To exert fully all their responsibilities, private sector enterprises must remain competitive by raising their productivity and channelling investments into the development of new products and improved production methods. But employers also have a social responsibility to the larger community, to give priority to employment considerations in economic decision-making and to work alongside local governments and members of civil society in designing and carrying out programmes aimed at raising the level of well-being in particular communities.

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172. Parts I-IV have stressed throughout the major role that the various actors of civil society must play in advancing social progress and working to achieve social objectives. Their direct participation is essential in defining objectives, setting priorities, developing programmes, designing delivery systems, mobilizing people and local resources, providing services, and monitoring and evaluating results.

173. The historical role of trade unions and workers' organizations has been to make a powerful contribution to the definition and realization of social progress. In defending the rights and interests of their members, they have protected the weakest and enhanced the human condition. Under changing circumstances such a role is essential and must continue. Trade unions also contribute to social integration and, like employers, have responsibilities for the creation of an ethic of service and the definition of the common good.

174. Community groups can take many forms, ranging from organizations of smallholders and urban-based community development organizations to human rights groups. While their specific interests and tasks may vary considerably, they provide critical links between government and the grass-roots in raising awareness and properly setting out the true nature of particular social problems and then helping to shape responses that address the felt needs of the community involved. Among the types of tasks carried out are improving access to land, credit, markets, irrigation systems, basic education, primary health care and low-cost housing, participation in the planning and carrying out of relief and conservation efforts, and protecting working children and other vulnerable groups.

175. Non-governmental organizations can play an important role in assisting community-based organizations and in helping to foster and support local initiatives. Non-governmental organizations often can be enlisted to design and deliver services to local communities. But as many non-governmental organizations work with very specific clienteles, larger community interests may best be served through partnerships and coalitions of non-governmental organizations formed to address complementary sets or a broader range of community needs.

176. While many of the problems raised in Parts I-IV require immediate attention, increased social research and socio-economic analysis can greatly aid the formulation of sound, sustainable long-term solutions. Universities and research institutions are vital actors in efforts to deepen understanding of the causes and interrelationships among poverty, unemployment and social exclusion, to investigate the impact on the core issues of the changes occurring in the surrounding political and economic environment, to develop multi-disciplinary and cross-sectoral approaches to complex economic, social and political problems, and to organize exchanges of experience and wider dissemination of research findings. The media too has a major role to play in publicizing progress or failure in meeting social development objectives. It also has a responsibility to draw attention to the causes, manifestations and possible solutions to social injustice and abject social conditions.

177. Cooperation at all levels, between government and the major actors of civil society, as well as among the latter actors and institutions, underpins the very

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notion of a global strategy for social development and, in a sense, is the essence of social progress. Examples of areas where such cooperation is essential include designing policies for the eradication of extreme poverty; planning for the employment effects of new technologies; building better bridges between education/training and employment/working life; addressing the institutional requirements of a broader conception of work and employment and alternative life-cycle patterns; protecting children and striving to progressively abolish child labour; eliminating discrimination and achieving equality in the relationship between women and men; and protecting diversity based on shared values. The realization of the Summit's aspirations and the sustainable implementation of its goals will depend on the involvement and efforts of people everywhere, working within their communities. It is therefore necessary that the various actors support, in particular, the development of education initiatives at the local, national and international levels to equip people with the kind of knowledge, skills and attitudes they will need to participate actively in furthering the Summit's aspirations and goals.

178. There are instances, however, where a significant divergence in interests greatly reduces the motivation to cooperate. Where cooperation proves difficult, it is important to foster the use of mediation, arbitration and other consensual forms of conflict resolution. A charter for social progress anchored by the principle of solidarity would require well-defined, generally accepted procedures for conflict resolution and problem solving.

179. A global compact for social development also would call for much greater international cooperation and support and a major unified effort by the United Nations and the United Nations system. Parts I-IV have pointed to a non-exhaustive list of areas where the United Nations and its specialized agencies can play a heightened role. These include eliminating all forms of discrimination, conducting research on the causes and remedies of poverty, carrying out emergency relief, strengthening technology institutions and policies, enhancing education and training programmes, improving job information for workers, and promoting the ratification and fuller implementation of international instruments that safeguard human rights. But going beyond what individual United Nations programmes and individuals can offer in these and other areas pertaining to social development, there is a need for a more united thrust running across the system and greater visibility in the treatment of social issues.

180. There also is a need for greater dialogue and cooperation between those organizations with responsibilities in the economic field and those with a social mandate. In addressing the three core issues, the report has shown the close interrelationship between economic and social forces and associated policy formulation. Social objectives can only be achieved if supported by economic policies that are equitable as well as efficient. A strong "social pillar" in the international community calls for a careful blend of the economic and the social, linked by a commitment to achieve the objectives established for each of the three core issues.

B. Implementation and follow-up at the national level

181. To reflect the central priority of social progress and to achieve the objectives related to the three core issues of the Social Summit, Governments ought to elaborate national strategies for social progress. Countries typically develop strategies for particular sectors - housing, education, health care and social protection are examples - or for groups with special needs, such as unemployed youth. But the policies and actions required to achieve the objectives in the three core issues are and should be extremely diversified. Certain problems call for actions that are cross-sectoral or global in scope. Policies for social development relate to issues which have economic, financial, legal, institutional and cultural dimensions. National strategies for social progress should therefore integrate separate sectoral, issue-oriented and cross-sectoral policies and strategies.

182. In accordance with the orientations and guidelines of the draft Declaration and the draft Programme of Action, each country would establish its priorities and identify the policies and measures expected to have a high impact on social conditions. National strategies would seek to assign responsibilities and include all the main societal actors in their elaboration and implementation. The envisaged strategies for social progress would differ from traditional social planning by being wider in scope, but without sacrificing their focus on precise social objectives. Their scope would comprise the integration of economic, social, political and cultural as well as institutional, financial and legal dimensions and measures.

183. Within the context of national strategies, specific programmes would need to be conceived and implemented at various levels - national, regional, local. The responsibility of national and regional authorities is the provision of a variety of options, services and facilities to meet a wide range of community and household needs, while local and community institutions can help set more specific priorities at the local level. Strategies for integrated service delivery should be reviewed and explored. Such integration can take place at administrative, planning, policy and managerial levels or at service delivery points. However, where political structures are administratively weak, it may well be necessary, at least initially, to resort to simpler delivery mechanisms.

184. National strategies for social progress should also include national targets with an indicative time-frame, full costing as appropriate, and a mechanism for review and revision. The draft Declaration and the draft Programme of Action suggest precise objectives for the elimination of the most extreme forms of poverty, the elimination of all forms of discrimination and the reduction of inequalities of opportunity, access and justice. Targets are useful instruments to help define a problem more precisely, to mobilize the energies and resources needed to address it, to lend transparency to government policies, and to ensure accountability. Transparency and the creation of the analytical and institutional mechanisms for possible revisions of targets imply an efficient monitoring mechanism. This is one of the domains in which national Governments may wish to share experiences, inter alia, through the use of institutions of the United Nations and the United Nations system.

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185. Another aspect of government action to implement the recommendations and commitments of the Social Summit will be to build, review or revise the institutional arrangements conducive to an integrated treatment of the core issues and their common elements, including the element of macroeconomic stability, as well as new and more comprehensive approaches to governance involving other less traditional partners, such as the private sector and non-governmental organizations.

186. There are many possibilities for promoting policy coherence, ranging from inter-ministerial committees to planning units attached to the office of the President or Prime Minister. While a functional division of responsibility within government and within the public institutions at various regional and local levels is imperative, integration should not mean "deprofessionalization" and confusion of roles. Equally imperative are arrangements and procedures through which each decision of a sectoral nature can be taken with a knowledge of other related decisions and of other sectoral and cross-sectoral objectives. Decentralized forms of governance and local government have a crucial role in facilitating the implementation of inter-sectoral strategies comprising a holistic approach, and supporting a participatory role for the community and, in particular, the underserved population.

187. Essential to success here is the administrative or institutional culture which imbues the relationship between persons and departments or offices with different responsibilities. If there is a shared perception in a Government, or in the local administration of a city, that a problem such as the elimination of poverty has priority, issues of coordination and conflicts of competence will not become dominant enough to jeopardize the achievement of politically accepted goals for social progress. At the same time the status of ministries and administrations responsible for "social issues", as a general rule, needs to be upgraded and integrated into the overall development and structural adjustment decision-making process. This also applies to the vocations associated with the delivery of social services and with social protection. In that sense again, there are strong cultural links between perceptions of roles and what is valued in a particular society, and society's capacity to address social problems.

188. The overall monitoring of the national strategies for social progress and more generally of the implementation of the goals, objectives and recommendations which constitute the outcome of the Social Summit should be primarily done at the national level. The results of monitoring would make an important contribution to a national debate on social questions and enhance the capacity of all actors at the national level to participate effectively and responsibly in the process of social development. Exchanges at the political, intellectual and professional levels should be stimulated by public authorities' organizing open discussions on the implementation of the Copenhagen Declaration and Programme of Action. It would be useful, again for the purpose of learning from the experience of others, if the results of the various national monitoring exercises were brought to the attention of international forums. The arrangements for such international exchanges are discussed below.

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C. International cooperation for social progress

189. An important objective of the Summit is to recognize the contribution to social progress of international cooperation at many levels and among many actors. Accordingly, the expansion of cooperation is encouraged and all actors are invited to intensify the search for new and appropriate channels and forms of development cooperation that meet the needs and use the potential of cooperating partners - official and private, multinational and bilateral - as well as of people themselves - individuals, families and communities.

190. Cooperation among Governments is increasingly essential in dealing with social issues that transcend national borders. Promoting reproductive health and responsible parenthood; containing the spread of diseases, including HIV/AIDS; regulating migration and protecting and assisting migrant workers and refugees; and controlling drug-trafficking and organized crime are among the more prominent areas for collaborative efforts. In some cases, bilateral arrangements may be adequate, but regional and multilateral approaches also need to be encouraged so that all countries have a voice in decisions that affect them directly or indirectly.

191. Regional or subregional groupings that have come into existence in all parts of the world in recent decades, originating as political, cultural or defence arrangements or for the purpose of expanding trade, provide further opportunities for cooperation in the social sphere. Members of such organizations are invited to explore new possibilities for deepening cooperation on social questions to support and complement cooperation in the security and economic domains.

192. Government-to-government cooperation on many social questions and the international exchange of ideas and information in informal or formal settings are recognized as valuable to national policy makers and other government experts. Also, within the social area, bilateral cooperation between donor government agencies and developing countries aimed at providing services of benefit to the poorest, is of considerable importance. More resources, therefore, need to be directed to social development purposes. To facilitate this shift and to make assistance more effective, both developing countries and donor agencies need to modify their approaches and procedures.

193. In developing countries more attention needs to be given to ways of achieving greater coherence in cooperation through the establishment of consultative mechanisms for assessing overall assistance needs at the country level, which can also serve as clearing-houses specifically for cooperation activities in the social area.

194. The assessment of assistance requirements will be facilitated if Governments, with the help of the international community, set up or enhance national databases to provide baseline data and information that can be used to measure or assess progress towards the achievement of the goals and objectives of this Programme of Action and other related international documents, commitments and agreements.

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195. Development cooperation agencies in donor Governments should seek to establish closer links with all relevant developing country ministries, including those of social welfare, together with their provincial and local counterparts, and draw more on national professional expertise in the design of cooperation programmes. Government support to national capacity-building, through greater involvement in international exchanges and in the specialized training of personnel from developing countries, is recommended. Programmes and activities benefiting from external aid tend to be expert-intensive and dependent for their viability on outside resources. More attention is needed, at all stages of project design, to ensure that they lend themselves to wide replication at much lower "unit cost". More attention is also needed in both developing and donor countries to ensure that projects are designed with a view to assuring sustainable forms of financing after donor support ceases. Thus, in deciding investments in the social area, both parties need to consider more carefully the maintenance costs involved and the sources of funds for recurrent expenses, especially for staffing. At the same time, programmes could be supported more effectively with a more flexible approach to meeting local and recurrent costs, which tend to be particularly important in the social area.

196. Current donor procedures are time-consuming and place a heavy burden on personnel in developing countries, which ministries of social affairs find especially difficult to shoulder. There is a need to find mechanisms for sharing responsibility and accountability for action in programmes that cut across sectors or that involve more than one partner.

197. In addition to international cooperation among Governments, cooperation is extensive among non-governmental organizations and other institutions of civil society, such as trade unions, the cooperative movement, professional and trade associations, academic and research institutions and many others. Such cooperation is typically the spontaneous expression of shared interests. Governments can help to support and encourage such private efforts in a variety of ways, starting by taking care not to erect barriers to mutual assistance efforts by institutions of civil society. Governments can often assist the process by simplifying travel, visa and currency formalities, or by providing, in special cases, policy guidance, and technical and financial support.

198. Social policy, social experience and social analysis offer an immensely useful domain for exchange, dialogue and joint thinking and action. It is often neither necessary nor desirable to attempt to plan such cooperation. It is, however, extremely important to create a climate favourable to a "market for ideas" and learning from experience on matters of social development.

199. The creation of a "Youth Voluntary Service to the Community" at the world level should be considered. Under the auspices of the United Nations all countries would be invited to legislate the creation of a service that young men and women would join for a period of six months to a year. Communities would be selected only where there was an expression of interest and felt needs, and they would be encouraged to participate in the design of worthwhile projects and activities. Countries which have a military conscription would be invited to consider creating this service to the community as an alternative. Countries which do not have military conscription would be invited to establish such a service. Young people would generally serve in their own countries, but

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machinery and possibilities would be established for service in other parts of the world, both developed and developing. The rationale would be to draw more fully on the unexploited potential of a powerful idealistic response, to instil in young people a sense of service to the community, at times giving them the opportunity to work and live with people of other regions and cultures. Such voluntary service would facilitate the passage between adolescence and adulthood and, when occurring in a foreign country, contribute to a greater sense of solidarity at the world level. The United Nations would provide the overall umbrella for such service and would contribute to its organization.

D. The role of the United Nations and the United Nations system

200. In Article 55 of Chapter IX, International Economic and Social Cooperation, the Charter of the United Nations establishes a cause/effect relationship between "conditions of stability and well-being" and "peaceful and friendly relations among nations". In the same Article, the Charter states that the United Nations shall promote, inter alia, "higher standards of living, full employment, and conditions of economic and social progress and development". The United Nations is also requested to promote "solutions of international economic, social, health and related problems", "international cultural and educational cooperation", and "universal respect for, and observance of, human rights and fundamental freedoms". Article 57 relates to the establishment of specialized agencies and to their relationship with the United Nations, and Article 58 states that "the Organization shall make recommendations for the coordination of the policies and activities of the specialized agencies".

201. The mandate of the United Nations and of the specialized agencies for international cooperation on social development taken in its broadest sense is therefore extremely extensive. The use that Governments have made of this mandate, and the capacity of the secretariats to assist Member States in promoting cooperation in the social domain, have varied during the past decades. In addition to the activities of specialized agencies and programmes on employment, education and culture, health, population, refugees and the situation of children, there has been a growing tendency in the United Nations, since the 1990s, to "integrate" social and economic issues and programmes. As a consequence, the concept of "social cooperation" has lost part of its original meaning. In a schematic manner, social cooperation or international cooperation for social development in the United Nations can be summarized as follows:

(a) Intergovernmental discussions of social trends and policies, on the basis of surveys and reports prepared by the Secretariat, held in the Third Committee of the General Assembly, the Economic and Social Council and the Commission for Social Development;

(b) Comparable but sectoral discussions in more specialized bodies, such as the Population Commission, the Commission on the Status of Women, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the UNCTAD Standing Committee on Poverty Alleviation; occasional debates on social aspects of development within the framework of the programmes of the regional commissions; and discussions leading to the negotiation of

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relevant paragraphs in intergovernmental texts, such as the International Development Strategy for the Fourth United Nations Development Decade;

(c) Discussion and adoption in a special ministerial conference of the Guiding Principles for Developmental Social Welfare Policies and Programmes in the Near Future (this is the most comprehensive text on social development endorsed by the United Nations since the Declaration on Social Progress and Development of 1969);

(d) Special events or years, such the International Year of the Family (1994), and decades, such as the United Nations Decade of Disabled Persons, and the International Decade for Natural Disaster Reduction;

(e) Technical assistance, including expert missions, workshops and projects: for social welfare and social integration, including activities relating to youth, ageing, the disabled and women; for institutional development, particularly at the local level for decentralized social welfare services, grass-roots organizations and other elements of civil society; for the formulation of social development policies, plans, programmes and projects; and for the development of income-generating projects, particularly in rural areas, with an emphasis on community participation and the learning process;

(f) Intervention by the United Nations system when man-made disasters create conditions of great disruption; the movement of some 50 million refugees and internally displaced persons eventually generates, beyond initial humanitarian interventions, the need for reintegration efforts. In these, the operational arms of the United Nations system, the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Children's Fund (UNICEF), and the United Nations Development Programme (UNDP) and the specialized agencies for the longer-term development dimension, can serve to assist countries in the process of assimilation and social adjustment.

202. In their specific social domains, the activities of the specialized agencies and of United Nations programmes are more comprehensive than those enumerated above for the United Nations. In particular, they include preparation and negotiation of international norms, regulations and legal instruments, most notably by the International Labour Organization (ILO) and the World Health Organization (WHO), and more intensive advisory missions and technical assistance activities carried out at the national level by the relevant agencies in such areas as education and culture, health, population, children, employment and working conditions, drug control, food security and human rights.

203. The scope and priorities for social cooperation through the United Nations system should be determined on the basis of a comprehensive assessment of social conditions and an analysis of the anticipated needs for social cooperation pertaining to the three core issues and their common elements.

204. A few preliminary remarks can be made:

(a) The United Nations, particularly the General Assembly, should keep and enhance its role as a forum for intergovernmental debates on social development

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and social progress; the importance of a full political debate on questions such as the elimination of poverty or greater social integration is a basic point made in the draft Declaration and the draft Programme of Action; the terms of reference of the Second and Third Committees should be reviewed; the possibility of debating questions of economic and social development in the Second Committee and questions of human rights and humanitarian affairs in the Third Committee might be considered;

(b) A closer relationship could be established between the Security Council and the Economic and Social Council; Article 65 of the Charter states that "the Economic and Social Council may furnish information to the Security Council and shall assist the Security Council upon its request";

(c) The United Nations and other organizations of the system, including those at the regional level, should play a significant role in organizing debates and exchanges of experience on very concrete aspects of the elaboration and implementation of social policies and programmes;

(d) The critical role of institutional development and renewal in the functioning of societies and the implementation of policies in sectoral or overall social domains is also increasingly evident. The United Nations and the United Nations system have scope to increase their technical cooperation and assistance in this field;

(e) The mandates, agendas and modes of operation of the various organizations of the system with a direct or indirect relationship to social development - particularly the three core issues - should be part of the internal review already launched by a number of programmes and agencies. The respective roles of the Economic and Social Council and its functional commissions should also be reviewed. The aim would be to enhance the coordinating and policy-setting role of the Council while ensuring that its subsidiary bodies provide appropriate advice. The mandate of the Commission for Social Development should be reviewed in the light of the mandates of the long-standing commissions and committees, such as the Commission on the Status of Women and the Population Commission, as well as in the light of the mandate of the newly established Commission on Sustainable Development. Consideration needs to be given to ways of expanding the role of the institutions of civil society in the deliberations of the Commission on Social Development;

(f) The governing bodies of specialized agencies and programmes could be invited by the Social Summit and the General Assembly to consider ways and means of giving higher priority and visibility to social development objectives, policies and priorities as agreed upon in Copenhagen. Innovative approaches to coordination of the relevant activities of the United Nations, its programmes and the specialized agencies, such as the Country Strategy Note, which is intended to provide the framework for all operational interventions of the United Nations system, could be more specifically directed towards social objectives.

205. Although the precise monitoring of the recommendations to be adopted in Copenhagen should be, as noted above, undertaken at the national level, some overall monitoring of social development and social progress should be entrusted

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to the United Nations and the United Nations system. A few points might be considered:

(a) Global monitoring by the General Assembly on the basis of an overall report of the Secretary-General, which would replace the current surveys and reports on economic and social trends and issues;

(b) Leaving unchanged the monitoring and reporting roles of the working groups on the Covenant on Economic, Social and Cultural Rights and the Covenant on Civil and Political Rights;

(c) Convening by the General Assembly, approximately every five years, a world conference on social development and social progress; such a conference would be held at the ministerial or summit level upon decision of the General Assembly.

206. UNDP could provide focal points in its country offices for follow-up to the World Summit for Social Development, which could assist Governments in their endeavours while also facilitating communication between the United Nations system and each country on Summit matters. UNDP also could assist Governments in organizing, at the country level, annual Summit follow-up meetings of the major actors, including representatives of government and key segments of civil society.

207. The organization and structure of the Secretariat of the United Nations, which has a central role as a forum for exchange of views and policy-making on matters of social development and social progress, should be modified and strengthened in the light of the decisions of the Social Summit. Currently, there are problems of overall capacity, coherence and visibility. The United Nations must provide the "social pillar" for international cooperation. A rearrangement of existing resources, structures and mandates should make this possible.

208. A possibility would be to have a number of programmes on issues stemming from the Social Summit. These programmes - on social integration, the reduction and elimination of poverty, and the relationship between the globalization of the economy and employment - would aim at mobilizing the relevant activities of the Secretariat around precise themes and objectives within a time-frame. They would be identified in the programme budget and the medium-term plan of the United Nations and could become the subject of specific inter-agency arrangements for cooperation and coordination. Programme links would have to be established at the national and, increasingly, subnational levels so as to effectively utilize the field presence and ensure the necessary coherence and follow-up by the relevant United Nations programmes and specialized agencies.

E. Mobilizing resources for social development

209. Social development requires first the mobilization of all available human and physical resources. The fact that poverty, and excessive inequalities, represent a waste of energy and unused human capacity has been emphasized in this draft Programme of Action. The reduction of poverty is an engine for

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achieving economic goals. Also, education and health, in addition, to being facets of human progress, represent necessary investments for the realization of all the objectives pertaining to the prevention of poverty, access to employment and the enhancement of social integration. A good network of institutions, laws and regulations, and their functioning according to democratically accepted and enforced "rules of the game", as well as codes of ethical conduct, constitute a most valuable and necessary resource for social development. And, ultimately, the behaviour of individuals as members of a community and citizens of a nation, is the decisive resource for social progress.

210. The question of the financial resources needed for the implementation of this draft Programme of Action should be approached first from the national perspective of Governments. Some remarks are in order:

(a) The issues of poverty, unemployment and underemployment, and social integration, are not "sectors" of governmental action and do not necessarily fall under the responsibility of particular departments and ministries. Rather, they are issues which are at the core of the development process and require very diversified policies, as well as the interplay of many actors. In that sense, financial resources for the achievement of the objectives of this draft Programme of Action cannot be separated from, and must be an integral part of, financial resources for overall development. Currently, in most developing nations, these resources are insufficient;

(b) In allocating public resources among the different domains and sectors of activity, Governments always face difficult choices. However, the literature on public expenditures provides sufficient guidance for making economically sound expenditure allocations in such areas as education, health, food production and food security, and the physical infrastructure of a country. What would seem to matter most in the political process of seeking the general interest through allocation of public resources is to have as much knowledge as possible of the effects on the living conditions of people of expenditure in a particular domain, including both short- and long-term benefits. Information, statistical data and analyses of the results of public programmes and projects and of their linkages are therefore important;

(c) There is a close correlation between the functioning of a Government and its administration, and its capacity to raise financial resources for development, both domestically and internationally. Credibility, transparency, overall accountability to the people, and the capacity to avoid corruption and to limit the extent of wasteful expenditure are critical elements for the efficiency of the taxation system, as well as for the mobilization of external resources.

211. Both UNICEF and UNDP have been advocating the concept of "20/20", which calls on developing country Governments to devote a minimum of 20 per cent of their domestic budgetary expenditure to human development priorities and, similarly, encourages donor countries to allocate a minimum of 20 per cent of their development assistance to the same priorities.

212. In the Human Development Report, 1994, a proposal is made for a "20/20 Human Development Compact" to implement targets for essential human development

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over a 10-year development period (1995-2005). Developing countries are invited to devote at least 20 per cent of their budget to "human priority concerns". These will be universal primary education, halving adult illiteracy rates, primary health care for all, elimination of severe malnutrition, family-planning services for all willing couples, safe drinking water and sanitation for all, and credit for all. It is estimated in the report that the implementation of this 20 per cent target - seen as an average pattern - would yield approximately $88 billion a year. The other facet of the 20/20 Compact is the proposal that donor countries also devote 20 per cent of their aid budgets to the same "human priority goals". The estimate here is that donors allocate 16 per cent of aid to the social sector, but only seven per cent to "human priority concerns". A move to 20 per cent would, it is estimated, provide $12 billion a year, instead of the current $4 billion. Therefore, the 20/20 "Compact for Human Development" would be "based on a sharing of responsibilities" between developing countries and the donors. The report notes that no new money would be required because existing budget priorities would be restructured. Possible changes in the budget priorities of developing countries are suggested in the report: reduction of military spending, privatization of "loss-making public enterprises", and deletion of low priority development projects.

213. At the International Conference on Assistance to Africa's Children, sponsored by the Organization of African Unity (OAU) and held in Senegal from 25 to 27 November 1992, "20/20" was incorporated into the Consensus of Dakar. African countries committed themselves to increasing the share of public expenditure allocated to health, nutrition, education, water and sanitation, and family planning, while donor countries agreed to increase their support for those human development priorities in countries where national Governments had taken the lead.

214. The main rationale for assistance from the rich to the poor countries for promoting social development and social progress is to be found in the ethics of solidarity: mutual interest is a complementary rationale for international cooperation. The implementation of the Programme of Action could take into account the following orientations:

(a) Existing mechanisms in place for stock-of-debt operations should be applied in a timely and flexible manner with a view to reducing the debt of developing countries, especially in Africa and other least developed countries, to a sustainable level;

(b) The target for official development assistance (ODA), set at 0.7 per cent of the gross national product of industrialized countries, remains valid and should be implemented; the situation and needs of the least developed countries should become a matter of increasing priority;

(c) There is an urgent need to build a constituency at the world level for increased solidarity, including in financial terms, between affluent and poor countries. One of the main thrusts of the draft Declaration is to root such solidarity in ethical and spiritual grounds;

(d) All the questions which affect the current and future state of the world, and which are not specifically social, economic or political but have in

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common the characteristic of being universal in their effects if not in their origins, must be addressed through, inter alia, appropriate financial mechanisms. Such issues are threats to the environment, the HIV/AIDS pandemic, drug trafficking, international crime and terrorism, as well as food production and food security in a world which will continue to experience rapid population growth for some decades. Among the modes of financing global action to address these global threats are the "peace dividend", additional aid, and taxes based on a variety of international transactions. The Human Development Report, 1994 includes a discussion of such possibilities;

(e) Within international and regional organizations, consideration should be given to a reallocation of resources around some priority objectives related to the implementation of the decisions to be taken in Copenhagen. The notion of programmes, as an alternative to the more administrative modes of organization mentioned above for the United Nations, would go in that direction.

215. With regard to the role of the private sector for the mobilization of resources for social development, the following points need to be made:

(a) The private enterprise sector is a major actor in that the essence of its function is to mobilize savings, seek out investment opportunities and create wealth through value added in "production". A sound enabling environment and the right incentives facilitate and encourage the performance of multiple roles by the private sector;

(b) The private sector is a major source of government revenue, at national and local levels, from which public sector programmes, including social programmes, are financed. Internationally, it provides various conduits for channelling resources to the places where they can be used efficiently. It can thus be a critical partner with Governments in realizing social objectives;

(c) The private sector, in particular major national and transnational corporations, can also be effective in mobilizing resources for the promotion of specific social objectives and in tackling a range of problems. One contribution of corporations is the way they treat employees and their dependants - by providing housing, health care, training, child care, social protection and other benefits. Another is in their outreach to the community. Corporations differ significantly within industries and within countries in their standards of provision for employees and social responsibility to the community. While such differences are typically the result of judgements based on commercial considerations, experience has demonstrated that a high degree of social responsibility has more often than not coincided with commercial success. All corporations should be encouraged by Governments to aspire to the "best practice" in their sector and locality, by the many means at their disposal;

(d) Major corporations are substantial financial contributors to voluntary efforts to meet many social needs. They are increasingly contributing also by encouraging employees to volunteer and by providing, free of charge, their organizational talents, technical skills and physical facilities for raising funds and delivering services. Governments at all levels should encourage and make use of these capacities.

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216. Resources for development need to be mobilized also by combining the efforts of the public sector and of financial or capital markets, nationally and internationally.

217. At the national level, development banks and similar institutions that derive their capital base from the public sector or are in other ways underwritten by government, need the sustained support of national authorities.

218. At the regional level, such institutions as the regional development banks have the potential for mobilizing new resources by combining the funds subscribed by member Governments with their capacity to raise private capital in regional and global financial markets. These banks have also pioneered concessionary lending to promote social objectives. They deserve continued and enhanced support.

219. At the global level, the significant role played by the World Bank and its affiliates, needs to be recognized. The Bank is a major force for mobilizing resources from both public and private sources. The Bank has been increasing its support to national efforts to eradicate poverty and to meet national objectives in various social sectors by expanding both its lending and technical advice. The Bank's capacity should be strengthened to allow it to mobilize additional resources for lending for development and in support, particularly, of the objectives of the three core issues of the Summit.

220. The International Monetary Fund should continue to explore the most appropriate ways of assisting countries to ensure macroeconomic stability and catalysing foreign finance, which are both essential for long-term economic and social development, while giving specific attention in its operations to the social dimensions which should be integrated into macroeconomic programmes of adjustment.

Notes

1/ See document A/47/277-S/24111 of 17 June 1992.

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the efficient use of human and environmental resources can be mutually reinforcing. To cite just one example, drawn from Agenda 21, the improved management of forests can increase the production of goods and services and, in particular, the yield of wood and non-wood forestry products, thereby helping to generate additional employment and income as well as additional value through processing and trade of forest products.

Such activities as the conservation and management of natural resources, the promotion of alternative livelihoods in fragile ecosystems, and the rehabilitation and regeneration of critically affected and vulnerable land areas and natural resources should be encouraged.

112. For an increasing number of developing countries, export expansion can play a dynamic role in economic growth and employment creation. The key elements are an aggressive penetration of export markets facilitated by a general openness towards foreign investment and technology, and various degrees of government support to help enterprises gain access to imports at world prices, finance exports and enter foreign markets. Many export-oriented enterprises, in addition to absorbing large numbers of workers, can shift over time to more sophisticated, skill-intensive production methods and diversify exports, with wages as well as skill levels rising in the process.

Governments and employers should continually reassess their comparative advantage in the competitive global marketplace and seek to upgrade product content and production methods, while expanding and diversifying exports.

114. Within the manufacturing sector, industrial conversion is an area of potential labour displacement which calls for special tripartite attention. Although relevant to other declining industries such as steel and shipbuilding, it is defence manufacturing where the employment consequences of industrial conversion are perhaps most pronounced today. The phasing out of production or total closure of a plant can have a concentrated economic and employment impact on a particular local community or region. Workers may face the prospect of long-term unemployment.

While labour mobility, retraining and maintaining adequate levels of social protection should be used to ease the burden and facilitate redeployment of many workers, there also should be efforts, where economically and organizationally feasible, to find alternative yet profitable uses of available plant, equipment and skills, with a view to minimizing labour dislocation and skill wastage.

115. Over time as manufacturing evolves, the service sector assumes growing importance as a source of employment. While the service sector, like manufacturing, is affected by labour-displacing technological change, and much service employment consists of low-paying, "low tech" jobs, the sector offers considerable potential for the creation of productive and satisfying jobs. Many service jobs are highly skill-intensive, well paid and, adjusting for hours worked and quality improvements, show rising productivity.

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SKILLS for PROGRESS

Concept Paper on

Developing Partnerships between vocational /technical training institutions and Business & Industry

SKIP is facilitating an exchange of ideas and information about the important role of education and human resource development in preparing workers and their companies for the challenge of competing in a technology-driven, global economy. One of the ways this is being achieved is through discussions on topics of common interest between business and industry and training institutions. A workforce development roundtable will bring together private-sector representatives, educators, and senior government decision makers to learn how institution - business/industry partnerships might be the foundation for a comprehensive, integrated program of workforce development activities in India, including specifically those related to technical / vocational education.

Institution - business/industry partnerships

Institution - business/industry partnerships have been used with great success in several countries to engage the private sector in activities that typically had been the exclusive domain of government. Involving the private sector in all aspects of program planning and management has enriched public policy setting and decision making processes, assured that limited resources were used with maximum impact, and created informed private sector advocates for government initiatives. These lessons appear to have great potential benefit for India.

The workforce development roundtable, therefore, is designed not only to discuss the topic itself but also to initiate a program planning and implementation mechanism so that institution - business/industry partnerships move beyond discussion into action.

Objectives for the workshop:

1. Understand and accept "partnerships" as the best way to accomplish a shared goal.
2. Recognize that workforce development is a shared goal of government and the private sector.

Building a Partnership

Partnerships between business and education are essential for economic growth and development in India and for India. Businesses need educated and skilled workers at all levels to produce high-quality goods and services at competitive prices. The education establishment needs the feedback, guidance, and advocacy of concerned businesspersons in order to maintain the relevance of its curriculum. This mutual interest in developing students/workers with a strong foundation of basic knowledge and demand-oriented skills provided the rationale and impetus for developing a sustainable institution business/industry partnership in India.

Institution - business/industry partnerships to support workforce development, job creation, and economic growth have been widely used in developed countries. It has many lessons for India.

Expected Outcomes of the workshop

Following are the outcomes of the programme -

A. Better awareness and understanding among Heads of Institutions about the employment and training needs of local business.

B. Government policies on employment would be better understood and utilised.

C. Government, business and industry would become aware of the training opportunities available in their localities.

D. Effective Industry - Institution partnerships will be developed leading to -

- More resources for training available to the institution.
- Better exposure to new technologies for instructors/students.
- Better programmes relating to finding employment i.e. facing interviews and group discussions (recruitment process) offered to students.
- Better awareness of workplace requirement available to students.
- Better access to employment in local industries

About the Organization

SKILLS FOR PROGRESS - SKIP, is an all India association of private vocational and technical institutions and individuals who are committed and concerned about skills development and workforce training. SKIP has 200 member institutions that enable it to achieve its aims and objectives. Skills training for employment is a major activity and SKIP works for the development of the economically and socially weaker sections of society. Over 25,000 men and women attend courses and programmes in SKIP's member institutions every year.

SKIP's main focus was on supporting formal and non-formal skills training in the traditional technical/vocational jobs areas. In 1996, SKIP expanded its activities to include training in the subsistence and appropriate technology sectors. The profile of our beneficiaries has changed. SKIP reaches out to the illiterate and semi-literate rural and urban populations.

SKIP's members deal with the many issues of training and employment. They are concerned about the employability and employment opportunities for their graduates. Collaborations with local business and industry are being initiated and encouraged to enable training institutes to understand the nature of industry's workforce requirements.

A round table is being organised for administrators of vocational/technical training institutions with representatives of business and industry, so that SKIP's members will better understand the concerns of the industry with regard to workforce development.

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NHMRC Research Committee Questions and Answers
Commercialisation and Development Grants

Q40. How does the NHMRC support greater commercialisation of health research?

A. Good Intellectual Property (IP) management is a critical step in translating research into national wealth. The NHMRC, in consultation with other Commonwealth and State Government agencies, research organisations, universities and the research community has developed a set of guiding principles for IP management. The purpose of developing the *Interim Guidelines for Intellectual Property Management for Health and Medical Research* is to assist NHMRC funded researchers and their administering institutions, in ensuring that they have access to best practices for the identification, protection and management of IP, and therefore, to maximise the benefits and returns of public investment in health and medical research. The *Interim Guidelines Intellectual Property Management for Health and Medical Research* were endorsed by the Council at its March 2001 meeting.

It is acknowledged that transitional arrangements will be necessary to allow institutions to bring their policies and procedures into line with the Interim Guidelines.

Q41. What is a development grant and how do I apply for one?

A. Development Grants are designed to support development work undertaken on products, processes, techniques or procedures arising from fundamental biomedical research and which have commercial potential. For example, funding may be provided for such ventures as demonstrating proof of concept of a new therapeutic or diagnostic product/technique, producing a working prototype of a piece of medical equipment, or improved formulation of a chemical compound so that its commercial potential can be better explored.

Development Grants are awarded in two categories:

Category A

Exploratory research at proof-of-concept stage with commercial potential in the health area; and

Category B

Relatively late stage research which will permit the development of special procedures, therapeutics, diagnostics and/or medical equipment to a stage where they become useful in health care delivery or become commercially viable.

An Industry partner is required for Category B Development Grants.

Further information regarding the grant, submission of applications, or conditions associated with NHMRC grants, are available on the Internet on NHMRC's Project Grants 'Advice and Instructions for Applicants' page.

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Q42. What is the Industry Fellowship and how do Iapply?

A. Fellowships are intended to target current academic researchers, to provide successful applicants with an opportunity to expand their research horizons and gain experience in important facets of the commercial development of research findings, including project planning, business planning, and knowledge of business and industry dynamics.

- The NHMRC will establish up to ten Industry Fellowships each year.
- The package being offered is $80,000 pa, and the package will cover salary and on-costs, travel, allowances and direct research costs.
- The fellowship will be available for 4 years with the first 2 years (maximum) to be spent full time at an "industry" placement, and the final 2 years to be spent in a research institution.

Further information regarding the fellowship, submission of applications, or the associated conditions are available on the Internet on theNHMRC's 'Fellowships' page.

Q43. What are Support Enhancement Options currently available and who is eligible?

A. Consistent with the objectives of further strengthening the capacity of the Research Fellowships Scheme to translate outcomes into practice and bridge the research/industry gap, Support Enhancement Options (SEO) are available in addition to the base Research Fellowship Packages. These will be provided only to applicants who can demonstrate that they undertake activities that result in:

- Interface of research with health practice, and/or
- Sustained research links with industry development.

An additional $15,000 per annum is available in the case of each of the Support Enhancement Options.
Health Practice. A Health Practice Support Enhancement Options (SEO) is available to all Fellows who demonstrate an application or link of their research to health practice. This will not merely be dependent on the applicant holding medial or dental qualifications, as has been the case. Rather researchers in all areas of health practice who are able to demonstrate a continuing interface between their research and health practice outcomes will have an opportunity to obtain this SEO. This allowance aims to enable the clinician and practitioner in research to maintain their professional associations. It is hoped that this will result in a two-way translation of research into practice and identification from practice of research foci.
Industry. An Industry Support Enhancement Options (SEO) is available to all Fellows who demonstrate they undertake activities that result in sustained research and development links with industry. The allowance aims to strengthen the capacity of the research fellow to translate his/her research into commercial products. Such a SEO may be used, for example, to recruit a part time researchers or other help to free some time for the Fellow's activities. An application for a Support Enhancement Option can be made either with a new Research Fellowship application or during the course of an existing Fellowship appointment. If made during the course of an existing appointment, the application must be submitted as part of the annual cycle of research Fellowship applications and form.
Intending Applicants should note the application form for the next round will be posted on the NHMRC website in the near future.

The health cost of free trade

Global 'free trade' rules threaten the integrity of basic services such as health and water – and the General Agreement on Trade in Services should come with its own health warning, says John Hilary

Remember the good old days when global trade rules just covered bananas, coffee and tuna? Now, as the World Trade Organisation (WTO) expands into areas previously untouched by its 'free trade' agenda, the integrity of such basic services as health, water and sanitation is under threat.
With increasing pressure on governments to allow market forces and privatisation into basic service sectors, there are serious concerns about the health impact of the WTO's trade regime.
GATS – the General Agreement on Trade in Services – is the framework under which the most powerful trading blocs, such as the EU and USA, are pushing for increased commercialisation of health and water services across the world.
Adopted as one of the key pillars of the new global trade structure in 1994, GATS works through successive rounds of liberalisation to create new markets for foreign service providers, such as private hospitals, clinics and medical insurance companies.
Although countries are supposed to be allowed to proceed with liberalisation in line with their own needs and priorities, it is the commercial interests of private sector providers that are forcing the pace.
This pressure for increased private sector involvement in basic services risks exacerbating problems of equity, quality and capacity in public health systems, many of which are already under severe strain.
Research by Save the Children has revealed how increased commercialisation threatens children's right to health.
The introduction of cost-recovery programmes in the health sector (often under pressure from the International Monetary Fund and the World Bank) has forced many families into a 'medical poverty trap', whereby they have to choose between incurring long-term debt in order to pay medical expenses or simply foregoing even essential health care.
In Vietnam, for example, a country known for its achievements in sustaining low infant and maternal mortality rates in the pre-liberalisation period, the introduction of fees for health care has led to greatly increased inequality in access to such care between rich and poor families. Half of poor households with a

family member who need medical care are now forced to borrow money or sell livestock to meet the expenses, with chronic illness leading families into severe debt. As a result many families have kept their children away from health clinics: the number of public health care consultations halved in the first seven years following the introduction of liberalisation in 1986.

Private sector 'cream skimming'

For developing countries with failing health systems, private investment can seem an attractive source of capital and medical technology at a time when other resources are thin on the ground. Yet involving private companies in health care has the potential to marginalise poorer patients even further.
Companies seek markets in which they can be assured of sufficient returns, and this typically concentrates investment in more affluent areas. Loans provided by the World Bank's International Finance Corporation, for instance, are predominantly directed towards expatriates and the richer communities of the country in question, not the majority of the population.
This practice of 'cream skimming' is already familiar from the field of private health insurance; insurance companies and health maintenance organisations (HMOs) typically favour the healthy and wealthy over high-risk customers, and exclude the latter by means of prohibitive premiums.
Similarly, in terms of direct health care provision, the private sector's profit-making imperative makes it of limited relevance to those sections of society that are unable to pay for its services, even though it is they who need the extra investment most.
Yet private investment in health care is not simply an irrelevance to poor people. An expanding private sector draws professionals away from public health systems and exacerbate shortages of trained and qualified staff. This was evident in Thailand, for example, during the 1980s and 1990s.
Often it is the most highly skilled staff who make the move to the private sector, lowering the overall standard of care in the public health system.
More generally, cream skimming undermines the very ability of public health systems to sustain themselves financially, as it denies the basic principles of cross-subsidisation and risk-pooling by which the healthy support the ill, the young the old, and the rich the poor.

Profit before quality

There are potential conflicts of interest between commercial pressures and public health goals when private companies are introduced into public health services. In industrialised countries this has commonly meant poorer quality services as a result of cost-cutting, often through the substitution of casual for skilled labour.
It has also led to service planning being led by financial rather than clinical imperatives, with accompanying reductions in the clinical workforce and service capacity.
In the US, where the health care market has become increasingly competitive, HMOs have responded by pressurising doctors to withhold treatment from patients. By means of performance-related pay mechanisms linking their income to the clinical costs they incur, doctors are encouraged to refer the lowest possible number of patients to specialists or to hospitals. Those who minimise costs get bonuses, while doctors who generate above-average costs risk expulsion by the HMO.
In developing countries, commercial pressures lead to similar cost-minimising strategies. One study of private clinics in Malaysia revealed that many fail to assess new clients properly in their provision of family planning services, with cervical screening undertaken only if requested. Conversely, private practitioners in Egypt have been found to be less likely than public sector workers to administer (inexpensive) oral rehydration solution, and more likely to prescribe antidiarrhoeal drugs – even though the latter are contraindicated in the country's national programme.
Involving private companies in the health sector requires very definite structural conditions if it is not to damage the quality of health care delivery in systems which are already under severe strain. As the WHO has stressed, national and regional health authorities need highly developed regulatory, analytical and managerial capacity if they are to see any benefit from working with the private sector.

But in the majority of poorer countries, this regulatory capacity is simply non-existent. As a result, the introduction of private sector investment threatens to divert care from public health priorities and to compromise quality of health care further.
Worse still, GATS itself undermines the ability of governments to regulate services in the interests of public health, as it requires countries to limit regulations so that they do not restrict trade (see box below).

Privatisation of water

As with health care, increased commercialisation has further restricted poor families' access to clean water and sanitation in many parts of the world. Cost recovery and water privatisation schemes have typically involved significant price rises, often putting water well beyond the reach of low-income households.
In Ghana, for example, where the World Bank is making water privatisation one of the conditions which will trigger hundreds of millions of dollars in additional loans, it is feared that water tariffs could rise by up to 300 per cent – well beyond the means of most families. And low-income families in the Mauritanian capital Nouakchott now have to spend up to a fifth of their household budget on water.
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Where households are unable to sustain such a level of expenditure, children are often exposed to health risks from water collected from rivers or other untreated sources. More than two million children die from diseases related to water and sanitation every year, while millions more suffer from health problems such as schistosomiasis and intestinal worms.
Despite the health problems that increased commercialisation of water services brings, the European Union is trying to use the current round of GATS liberalisation to open up public water systems in countries around the world. Documents leaked in April 2002 reveal how the EU is targeting the water sectors of other countries for penetration by its own private water companies.
At the same time, US health companies are urging their government to push for increased market opportunities in foreign health sectors. As the powerful Coalition of Service Industries reminded the US Trade Representative at the start of the current round of GATS liberalisation: 'Contestable markets in every sector and in every WTO member is the ultimate goal.'

Together with groups in many other countries, Save the Children is campaigning for a halt to the GATS liberalisation process. Increased commercialisation of the health and water sectors is the wrong model to adopt if we are serious about providing universal access to basic services. There must be an informed public debate at both national and international level on the alternatives to liberalisation, and an end to profit-led privatisation schemes. Only then can we hope to provide children throughout the world with their right to a healthy future.
The deregulation agenda of GATS
One of the most damaging requirements of GATS is that national regulations governing services must be subordinated to the demands of free trade.
Under GATS, domestic regulations must be constructed so that they do not represent 'unnecessary barriers to trade'. In practice, this means that countries can be challenged over the type and level of measures they employ to regulate services, with governments forced to justify their own regulations in the face of WTO rules.
Regulations and standards are crucial for maintaining public health. Yet the WTO rules found in GATS have already been invoked by the US government in its attempt to overturn Thailand's ban on tobacco imports – a policy endorsed by the WHO as essential for preventing smoking among Thai women and children.
Putting trade before public health risks undermining many such public health initiatives. Save the Children is calling for the GATS restrictions on domestic regulation to be removed, so that countries can maintain regulations at the highest possible level in the interests of public services.

Fight 'commercialisation' of health sector: VS

By Our Special Correspondent

THIRUVANANTHAPURAM APRIL 13 The Leader of the Opposition, V.S. Achuthanandan, has alleged that the Government's decision to impose exorbitant fees on the patients seeking treatment in the medical college hospitals is designed to facilitate the privatisation of these institutions.

In a press release here today, he said the Government had entrusted to the respective hospital development committees the responsibility of collecting the fees. The doctors working in these hospitals had no role in the committees. The committees were being virtually controlled by the representatives of some of the UDF constituents.

Mr. Achuthanandan alleged that the funds being raised through treatment fees by the hospital development committee at the Kozhikode Medical College were not being utilised for the good of the hospital. The committee members were spending the funds according to their whims and fancy. A fraud worth several lakhs of rupees was detected in the utilisation of funds in this hospital recently, he said.

The concern of most of the hospital development committees was to go in for purchases which could fetch attractive commissions for the members. They were also busy appointing their own people in the hospitals. The Government, expecting increased revenue through the fees newly imposed on the patients, was slashing budgetary support to the hospitals. The situation would soon reach a stage when even basic facilities could not be provided to the patients for want of funds, Mr. Achuthanandan said.

He alleged that the Government was trying to get a big loan from the World Bank in the name of modernising the medical colleges in the State. Definitely, a big chunk of this loan would be devoted for constructing buildings and purchasing expensive equipment, Mr. Achuthanandan alleged.

This was what had happened in the other States where the Governments had gone in for World Bank loans for hospital development.

A stage would soon arrive when it would be impossible for the poor to approach the hospitals to get medical attention.

The number of patients approaching the Kozhikode Medical College Hospital had already dropped because of the high cost of treatment.

He said the Government could not back out of its responsibility of providing free medical attention to the poor. In commercialising the health sector, the Antony Government was depriving the poor the right to medical care and the right to live, the Opposition leader pointed out.