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DOON UNIVERSITY

SCHOOL OF MANAGEMENT

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INDUSTRIAL RELATIONS

MMS-528

MBA-III SEMESTER

Attempt all questions **MM: 50**

SECTION-A

1. What are tripartite and bipartite bodies? 5
2. What is check off ? 2
3. What are the parties involved in Industrial relations? 3

SECTION-B

1. Give the typology of strikes. 10
2. What are the problems of trade unions.

SECTION-C

1. Answer the case given below.

CASE STUDY

Power Sector Reforms Leave Employees in the Lurch

The objectives of power sector reforms in India are (a) to reduce reliance on government support and expand the power sector by attracting private-sector investment; (b) to foster a climate of fair play and transparency in all matters related to the sector, so as to reassure private investors of a fair return; (c) to improve the efficiency of the system through increased competition and to improve the quality of service to the consumer. Twelve years after the reforms were initiated there are doubts about the impact of the reforms. Investments were needed not so much in generation as in transmission and distribution. The power sector reforms, initiated in the wake of liberalization in the early 1990s, focused on generation, but the promised investments did not materialize. There was difficulty in introducing reforms in transmission due to low demand in remote, distant, and backward villages. From 2000, the focus of reforms shifted to distribution where the states generate power at a low cost and allow private operators, in non-competitive situations, to sell at high cost. The uncovered costs of distribution being subsidized by the state, the volume of subsidies has gone up, instead of coming down after the reforms. This is partly due to the shift in demand patterns, whereby the highly remunerative industry demand has declined and the low-paying agricultural and domestic demand has increased during the reform period. The trifurcation (into generation, transmission, and distribution companies) of electricity boards and privatization of distribution amounted to privatizing profits and nationalizing losses. The trifurcation and privatization of electricity boards caused concern among employees about their job, income, and social security. They felt it improper that the government gave sovereign guarantee of assured returns to private/independent power producers while ignoring the existing safeguards and protections for employees. They were assured that the service conditions in private companies would not be inferior to that in government service, but they had other anxieties—workload norms, discipline, transfers, retrenchment, indifference to their grievances, union rights, power imbalance in union–management relations, etc. More specifically, the transfer of employees from the state electricity boards to the successor companies—private in states such as Orissa and Delhi and public in Andhra Pradesh and Madhya Pradesh—is a problem for the employees. Under statutory transfer of personnel, it is possible to supercede some provisions of the labour laws. While governments guarantee no retrenchment, the board or the new companies can offer voluntary retirement and if the targeted employees do not avail it, compulsory retirement can be resorted to. In bankrupt states, employees can be enticed to accept voluntary retirement by offering either contributory provident fund or full commutation of pension benefits at the time of retirement. The other important aspect concerns the power of the regulator to fix ceilings on establishment costs based on certain manpower norms and standards. There were occasions in the past, as for example in West Bengal, where the Supreme Court endorsed the ruling of the regulator on the subject. Such developments make it easy for employers to rationalize manpower and reduce labour costs. In Orissa, till 1991, provident fund was managed by a trust comprising contribution from both the employer and employee with an interest rate of 12% per annum. In 1991, the Orissa State Electricity Board (OSEB) introduced a pension scheme in lieu of employers' contribution to the provident fund. Initially, the pension scheme too was administered by the provident fund trust. In 1998, a statutory pension was set up by transferring the employers' contribution to provident fund and the proportionate interest to the pension fund. Upon transfer to successor companies—GIRDCO and OHPC—the OSEB employees were given the option to receive the pension in respect of the period of service as a government employee or let the amount be transferred by Government of Orissa to GRIDCO/OHPC which would be responsible for pension liability when the employee would retire from GRIDCO/OHPC. A similar provision was incorporated in the transfer scheme of GRIDCO to distribution companies. However, these conditions have not been fulfilled to date (April 2004) and the successor entities of all the three trusts have been formed without any opening balance and the retirement benefits are paid out of current revenue. In the case of Delhi, a voluntary retirement scheme was introduced after the reform of Delhi Vidyut Board. However, the private distribution companies expect the Government of Delhi or Delhi Vidyut Board to pay the compensation. Since neither had the money and private distribution companies were reluctant to pay VRS compensation, a proposal is mooted to bear the cost through an increase in power tariff under the provisions of the Electricity Reforms Bill, 2003. The newly reforming states have realized the need to reform (trifurcation of state electricity boards into generation, transmission, and distribution) without privatization. In December 2002, the electricity unions in Maharashtra observed a strike for four days and compelled the government and the state electricity board to sign a tripartite agreement so that the reform will be carried out in the state with internal changes in the function of the electricity board without trifurcation and privatization and without retrenchment of personnel.

Questions

1. Does the government always act in public interest?
2. Do the reforms focus more on power producers (investors) than consumers and employees?
3. Should investors be woodat the expense of workers' interests?
4. Has the government gone back on its promises? If the government's guarantees are not honoured, what happens to those of employers in private sector and the consequential impact on trust and credibility?
5. When there is a shift towards market economy, should labour's interests not matter at all?

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