

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: MMS (2018-20) (HR)**  
**Third Semester Examination October 2019**

<b>Subject</b>	<b>Labour Laws and Implications on Industrial</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>	<b>7</b>	<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>	<b>2</b>	<b>Date</b>	<b>18.10.2019</b>

**Q1. Case Study (20 Marks)**

**State Bank of India - The VRS Story**

The SBI was formed through an Act of Parliament in 1955 by taking over the Imperial Bank. Over the years, the bank became saddled with a large workforce and huge Non-Performing Assets. According to reports, staff costs in 1999-2000 amounted to Rs 4.5 billion. Increased competition from the new private sector banks (NPBs) further added to SBI's problems. Technological tools like ATMs and the Internet had changed banking dynamics. A large portion of the back-office staff had become redundant after the computerization of banks. To protect its business and remain profitable, SBI realized that it would have to reduce its cost of operations and increase its revenues from fee-based services. The VRS implementation was a part of an overall cost cutting initiative. The VRS package offered 60 days' salary for every year of service or the salary to be drawn by the employee for the remaining period of service, whichever was less. While 50% of the payment was to be paid immediately, the rest could be paid in cash or bonds. An employee could avail the pension or provident fund as per the option exercised by the employee. The package was offered to the permanent staff who had put in 15 years of service or were 40 years old as of March 31, 2000. The SBI was shocked to see the unprecedented outcry against the VRS from its employees. The unions claimed that the move would lead to acute shortage of manpower in the bank and that the bank's decision was taken in haste with no proper manpower planning undertaken. The unions alleged that the management was compelling employees to opt for the VRS. However, despite all the protests, SBI received around 35,000 applications for the VRS. While the VRS was mainly aimed at reducing the clerical staff and sub-staff, the maximum number of optees turned out to be from the officer cadre. Following huge response to the VRS from officer cadre, SBI issued a circular stating that the management would relieve only those officer cadre applicants who had crossed the age of 55 years. The bank also issued a circular barring treasury manager, forex dealers and a host of other specialized personnel, from seeking VRS. Employees who had not served rural terms were also barred from opting for the scheme. The VRS was also not open to employees who were doctorates, MBA's, Chartered Accountants, Cost & Works accountants, postgraduates in computer applications. In another circular, SBI mentioned that any break in service (i.e. leaves availed on a loss of pay basis) would not be taken while calculating the service period. The bank also restricted the loan facilities to the personnel who had opted for the VRS. If an employee wished to continue a housing loan after accepting VRS, he was asked to pay interest at the market rate. After these restrictions were introduced, only 13.4% of the officers were left eligible for VRS instead of the earlier 33%. The conditions laid down by the management faced strong criticism from the officers who had opted for the VRS, but who could not meet the prescribed criteria. They alleged that the bank was practicing discrimination in implementation of the scheme and that no other banks had implemented such policies and denied the opportunity of VRS to officers who were willing to avail the scheme. In the post-VRS scenario, SBI planned to merge 440 loss-making branches and announced redeploy additional administrative manpower (resulting from the merger of loss-making branches) to frontline banking

jobs. SBI also planned to reduce its regional offices from 10 to 1 or 2 in each circle. In August 2001, it was reported that a single officer had to take charge of 3 or 4 branches as the daily concurrent audit got affected.

SBI had many strong organizational strengths and an excellent training system, but due to weak HR policies, it had lost its experts to its competitors. The employees of almost all the new generation private sector banks were former employees of SBI. The bank's well-defined promotion policy was systematically flouted by the framers themselves and, as a result, employees with good track records were frequently sidelined. Many analysts felt that SBI was not able to realize the critical importance of recognizing inherent merit and rewarding the performers. The above factors were cited as the major reasons for the success of VRS in the officer cadres, who were reported to be demoralized and de-motivated. The arbitrariness and insensitivity at the corporate level had dealt a severe blow to the employees of the organization. What remained to be seen was whether SBI would be able to reorganize its HRD policy and retain its talented personnel.

### **Discuss**

Q1A. Discuss the issues of VRS and its effects on SBI.

**(10 Marks)**

Q1B. What suggestions would you like to give, if you were hired as a consultant for SBI

**(10 Marks)**

**Q2 Answer Any two from the following. (5x2 = 10 Marks)**

- a) Explain the principles on which labour laws are based?
- b) Elaborate the welfare provisions of Factories Act 1948.
- c) Define Strike and the provisions laid down as per Industrial Disputes Act with recent example of strike.

**Q3 Answer Any two from the following. (5x2 = 10 Marks)**

- a) Explain the procedure for certifying Standing Orders?
- b) What is retrenchment and its provisions laid down as per Industrial Disputes Act with recent example?
- c) Highlight the provisions of Gratuity Act 1972.

**Q4 Answer Any two from the following. (5x2 = 10 Marks)**

- a) List and explain various benefits under ESI Act.
- b) An employee drawing a salary of Rs. 5,000/- met with an accident and suffered with permanent total injury of amputation of both legs resulting in end-bearing stumps on 15 May 2010. He was born 10 October 1978. Calculate compensation he must get under the Act. (The Age factor is 197.06)
- c) What are the main provisions of Maternity Benefits Act?

**Q5. Answer Any two from the following. (5x2 = 10 Marks)**

- a) What is the minimum and maximum bonus payable and when can it be forfeited?
- b) Explain the following: Conciliation, Adjudication, Arbitration, Works Committee.
- c) What deductions are permitted under Payment of Wages Act?

**Q6. Answer Any two from the following. (5x2 = 10 Marks)**

- a) What are the main features of Bombay Shops and Establishments Act, 1948?
- b) Elaborate Registration of Trade Unions.
- c) List the 'Withdrawals' that are permitted from Employees Provident Fund under the Employees Provident Fund and Miscellaneous Provisions Act 1952?

**Q7. Answer Any two from the following. (5x2 = 10 Marks)**

- a) Object of Minimum Wages Act
- b) Recognition of Trade Unions
- c) Impact of ILO on labour laws