

**MANAGEMENT PROGRAMME**

**Term-End Examination 00608**

**December, 2011**

**MS-24 : EMPLOYMENT RELATIONS**

*Time : 3 hours*

*Maximum Marks : 100  
(Weightage 70%)*

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*Note :*

- (i) There are two Sections - A and B.*
  - (ii) Attempt any three questions from Section - A.  
All questions carry 20 marks each.*
  - (iii) Section - B is compulsory and carries 40 marks.*
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**SECTION - A**

- 1. Discuss the role of Indian constitution in evolving labour policy. Identify the impact of ILO on industrial relations. **20**
- 2. What are the principles of industrial adjudication ? Briefly discuss the power and status of arbitrators. **20**
- 3. Outline the rationale for workers's participation in management. Discuss the issues involved in participative forums in India. **20**

- 4. Discuss various structural types of trade unions. 20**  
**Briefly describe the structure of trade unions in India with illustration.**
  
- 5. Outline the negotiation guidelines. Discuss the 20**  
**Skills and traits of negotiating team.**

## SECTION - B

6. Read the following case carefully and answer the questions given at the end of the case. **40**

Amit Plastics was a private limited company engaged in the manufacture of PVC Rigid pipes and fittings. With the boom in agricultural production in the country the demand for products of this company was high. It employed about 100 persons, primarily to look after the production schedule working at two shifts. The workers and the management had a cordial relationship for long, until there were problems as a result of withdrawal of a facility, known as 'salary advance'. The genesis of 'salary advance' was as follows : One day Mr. Jain who was the Chairman cum Managing Director (CMD) of the company was going to his factory when the driver mentioned to him about some difficulties at home and wanted monetary advance. Mr. Jain agreed to allow him to take his one month's salary as advance and to manage his expenses. This naturally made driver. Mohan, happy and he mentioned about the generosity of the CMD to some of his friends/colleagues. The advance did not carry any interest and was deductible in twelve instalments.

After some days a plant supervisor came to the CMD and requested that he also be sanctioned one month's salary as advance in view of some illness in his family. The CMD agreed in this case also and the supervisor was well satisfied.

This news became the talk of the company and every one who was in need of money used this "approach" to obtain advances.

Mr. Jain being a father figure of the company

and having the employees welfare at heart agreed to such requests periodically. The officers of the company who were also noticing this phenomenon with interest, one day requested the CMD, in one of the monthly meetings to grant them also this facility. The CMD of course mentioned that this facility was only for workers and plant-level supervisors and not for officers, who were better placed. On persistent demand at the meeting, he agreed to go into this problem on a case to case basis. Over the 5 years period the withdrawal of salary advance at the beginning of the year i.e. in January/February became a matter of routine for almost all the categories of employees. The Accounts Department of the company used to send a statement indicating the amount required in January/February for meeting this facility. The Chairman was almost shocked to notice that Rs. 7 to 8 lakhs was required for this purpose.

With the increase in the prices of raw materials, as also other competitors coming in the field, the cash-flow position of the company was delicate and the management was thinking as to how to improve the financial position, and in particular cash-flow.

At this time the administration manager of the company resigned due to domestic reasons, and a new General manager (Incharge, Admn. and Finance) was appointed.

In his brief to Mr. Kumar, the new General Manager (Admn.) the CMD stressed the need for improving the productivity and also informed about the delicate cash flow position of the company. The new General Manager (Admn.)

had long meetings with his officers and thought of taking new initiatives.

The CMD gave all autonomy and support to GM (Admn.) to improve the productivity and financial health of the company. The GM scrutinized various expenditure heads and initiated various measures to reduce expenditures which were affecting adversely the cash-flow position of the company. The GM issued a circular regarding withdrawal of salary advance facility. This was resented to by all concerned and a "whisper campaign" commenced against the GM (Admrt.).

The Union of the company called a meeting and the matter was discussed at length. It was decided that this issue be taken up with GM (Admn.). During the course of meeting the GM expressed his helplessness and the meeting adjourned abruptly.

The Union gave a notice to the management to restore the facility, failing which they would be taking other agitational methods.

In the meantime, the GM realising the seriousness of the situation asked workers to give them applications which would be examined on an individual basis. But no advance was sanctioned.

The request for withdrawal of salary advance of some officers and plant supervisors were summarily rejected. Officers were told that they were senior people and they should understand the organisation's financial requirements. In the meantime. The officers who were already feeling frustrated on account of various reasons, formed an association and raised

this issue, as one of their demands. The Management while dealing with the Officers' Association took a firm stand and rejected this demand. The Officers' Association gave a notice of a "slow-down" and the productivity of the company was adversely affected.

Because of lack of supervision on the part of the officers and workers sympathising with the officers, there was a sharp fall in the production target of the company. As a result the Workers Union and the Officers Association demanded the removal of the GM (Admn). The CMD was worried about the worsening situation of the company.

*Questions :*

- (a) Identify the problems in this case.
  - (b) As CMD how would you handle an explosive situation of this kind ?
  - (c) In the light of this case, do you think the CMD made a mistake in giving his driver one month's advance salary in the initial instance ? Discuss.
  - (d) Comment on the behavioural aspects of the unionised workers and officers vis-a-vis top management.
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