

IMPLEMENTATION OF RETIREMENT SCHEME IN WESTERN COALFIELDS LIMITED

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Abstract : *The government of India adopted a new economic policy whereby it relaxed and in certain cases removed restrictions on import and export. This resulted in significant changes in industrial and business sectors. One of the important aspects of the liberalized economic policy is the Exit Policy. Under this policy the government has allowed business and industrial establishment, to reduce their excess staff and employees. The reduction of excess staff is a result of restructuring of organizations due to modernizing, applying new technology and new methods of operation so that the industrial organizations could operate economically and withstand the competition with companies and organizations which have accepted foreign collaborations, innovative methods and technology up gradation, rendering some employees surplus. Since the procedure under Industrial Disputes Act 1947, for retrenching involves a lot of legal hurdles and complex procedures, the government authorized schemes of voluntary retirement of employees after offering them suitable retirement benefits, and giving some tax relief on such payments to employees who are eligible to retire voluntarily under the guidelines issued by the government and Income Tax authorities. In the five-year plans which were drafted and implemented by the Government it had established and developed public sector undertakings to create employment and also to augment the increased demands of industrial goods, fertilizers and other core industries. The encouragement given to public sector was so significant that it created employment opportunities on a mass scale. Most of the public sector undertakings were not cost effective. The trade unions have been opposing retrenchment under the existing labor laws. The government, therefore, found a solution to the problem of surplus staff by allowing voluntary retirement both in public and private sectors. The human resource in the industrial sector has become surplus on account of (a) existing level of technology (b) will become surplus with adoption of newer technologies and technological up gradation. If the textile industry adopts latest technology in manufacturing units, 15 million workers in the industry would be out of their jobs, around 2-4 million workers are found surplus in the various sick industrial units all over India. Similarly, millions have been found surplus in government undertakings.*

Keywords: Retirement, Mining, Organizations, Nationalization, Policy.

Introduction :

Western Coalfields Limited (WCL) came into existence after nationalization of coal mines and was incorporated on 29th October, 1975 as a public limited company upon



takeover of assets and liabilities as on 1st November, 1975 with Coal India Limited as its holding company, vested with the Western Division of Coal Mines Authority Limited. The headquarters of WCL is located at Nagpur, in the state of Maharashtra. WCL (a Mini Ratna Cat – I Company) undertakes coal mining under the leaseholds in Wardha Valley, Umrer – Bander and Kamptee Coalfields (located in Chandrapur, Yavatmal, Nagpur districts in the State of Maharashtra) and in Pench – Kanhan & Pathakhera Coalfields (located in Chhindwara & Betul districts in the state of Madhya Pradesh). WCL carries out its coal mining operations through 82 coal mines/projects spread over 10 administrative Areas (7 in the State of Maharashtra and 3 in the state of Madhya Pradesh)

In order to sustain the current high growth rate of Indian economy, we need to augment our power generation capacity, as presently the country faces 12% shortage of peak power demand. In order to bridge the gap of power generation, we have to produce more coal, as it is the primary energy mineral. Keeping this core objective in mind, we have set our vision to emerge as a key player in primary energy sector with a view to provide energy security to the country. However, this objective shall be attained only through environmentally and socially responsible growth practices.

Research Objective :

Study of Implementation of retirement scheme in Western Coalfields Limited

Retirement Scheme :

The first method of voluntary retirement is Golden Handshake Scheme (GHS), was originally negotiated with APSEWAC for use in industrial transaction but is now being offered more generally. Under this scheme, workers are offered four month of last basic pay for the year of service, in addition to the standard legal dues. The legal dues cover amounts due from the provident fund, gratuities and pensions, encashment of earned leave, reimbursement of medical expenses and arrears of pay and allowance. The gratuity equals one month of last basis pay for every year of service.

For managerial and supervisory staff the voluntary retirement scheme is also known as the voluntary Separation Scheme (VSS) under which the staff receives two month of last basic pay for every year of service in addition to the standard legal dues. Under voluntary retirement Scheme (VRS) staff receives 1.5 month pay per year of service or balance month of service left whichever is less. VRS amount includes basic and dearness allowances other benefits are not apart of VRS amount. The amount of VRS compensation

including gratuity is received from the government fund if any public sector company wants to pay any extra amount they have to pay it through their own fund after due permission from respective ministries.

Status of Implementation of Retirement Scheme

Many Indian companies' public and private had offered VRS and employees had opted VRS because of many reasons ill health, family problem, and urge to start one's own business. On the other hand management if offering VRS because of business recession Industrial sickness, technological advancement and labor redundancy, In India companies like DTC and MFI could not achieve the objective of downsizing surplus manpower to some extent and thereby reducing labor cost by implementing VRS, the enterprise like ECIL and NFDC could not reduce much of surplus manpower because of poor response from the workers. The units like MMTC and MECON found that VRS adversely affected the performance of the enterprise because it helped their trained executive and skilled personnel to leave the organization and take up lucrative jobs elsewhere. In some companies policy was opposed as trade union believes that policy is not voluntary. Few large companies provided counseling facilities to their workers and evoked good response for seeking voluntary retirement; Companies like SAIL and HIL had to withdraw VRS because of considerable exodus of talented and skilled employees. So the policy had obtained a mix response from the industrial and employees sector

Mobilization of Funds to Retirement Scheme

Government had set up a National Renewal Fund (NRF) in February, 1992 as a safety net for workers affected by re-structuring arising out of the new industrial policy. The objective of NRF was to provide funds, where necessary, for continuation of employees affected by restructuring or closure of industrial units both in the public and private sector and to provide funds for employment generation schemes both in the organized and unorganized sectors in order to provide social safety net.

Counseling, Retraining and Redeployment of rationalized employees formed a part of NRF. NRF had been meeting expenses towards voluntary retirement of employees of CPSEs as also for rehabilitation of employees of the organized sector consisting of CPSEs, State PSEs and private sector.

The Voluntary Retirement Scheme for employees of central PSEs was revised in

May 2000. With the revision of VRS Scheme, the NRF being administered by the Department of Industrial Policy & Promotion ceased to exist and the activities of counseling, retraining and redeployment provided to separated employees from CPSEs and the organized sector under NRF converged under the Scheme of Counseling, Retraining and Redeployment (CRR) for the rationalized employees of Central Public Sector Enterprises under implementation by Department of Public Enterprises since 2001-02.

As very few companies could get fund from NRF for financing VRS many of the enterprise had to face problem of financial constraint private companies are not covered under NRF. As NRF not able to provide budgetary support companies has to think of alternative means of finance.

Taxation Related To Retirement Scheme Amount

Compensation up to Rs 5 lakh is tax free but any amount over that is fully taxable, even if received in subsequent years and even if received in subsequent years and even if received by way of LIC annuity or a company pension plan any amount headed under the head 'Salaries' over Rs 5 lakh is not eligible for standard deduction and for any rebate under section 88.

Conclusion :

The research paper reveals that the reasons which emerge as the willing reasons of the employees are basically the results of the management policy where they had forced employees to opt for Retirement Scheme in WCL. This can be supported by the reasons where employees opted for Retirement Scheme in WCL because of management pressure. Employees reported that they opted for Retirement Scheme because of irregularities in the salary as company doesn't have any new assignment they are running into losses. In few cases it was found that employees opted for Retirement Scheme as they are threaten by the management on the sake of transfer or disciplinary actions. Management followed all these techniques generally on trade union leaders who act as an obstacle in the success of the policy. Employees also reported that management forced them to opt for Retirement Scheme by forcing them to verify their age this method is basically used for the lower level employees of the organization but now company don't have work for them. Other reasons of forcing employees to opt for Retirement Scheme are not very significant.

The paper also presents the perception of the employees related to retirement

scheme. It was found that most of the employees strongly perceive retirement scheme as retrenchment without tears which itself is the basic idea behind VRS policy higher percentage to this variable clearly signifies that VRS is implemented according to the policies of the government. Findings clearly indicate that all employees have proper knowledge about the Retirement Scheme policy.

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