

HR ISSUES IN PRIVATE PARTICIPATION IN INFRASTRUCTURE
A CASE STUDY OF ORISSA POWER REFORMS

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PUBLIC-PRIVATE
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Executive summary

Orissa power reforms had been initiated when Government of Orissa realized the dire straits in which OSEB was. Not only was the performance dismal, but it had also failed to deliver quality power at a reasonable rate. It was also draining the exchequer of a substantial amount, annually given as subsidy to OSEB. Thus there was a need to quickly unbundle the entire power sector so that ultimately the separated power utilities could be privatized. This would help the government in saving the drainage on its resources (e.g. annual subsidy given to OSEB) and inviting private sector participation in the power sector, which was badly in need of investments for growth and sustenance. In 1995 the process of restructuring started and GRIDCO and OHPC were born. In 1998 the distribution function of GRIDCO was made into four separate companies with independent identities. Later in 1999 the majority shares of these four companies was divested to two private parties BSES and AES.

Any privatization process effects the human resources in an organization and so this case study was taken up to understand the impact of privatization on human resources and the measures taken to smoothen the process. It appears from, the study that the political will of the Government of Orissa along with the measures taken to improve the terms and conditions of service helped the organization to sell the idea to the employees. Even if the employees had some reservation about restructuring, it could not stand strong in view of the clear and direct thrust given by the Government of Orissa irrespective of the political colour of the government. The significant improvement brought about in the terms and conditions of service for both the executives and the non-executives put the efforts for restructuring in a positive light. The Early Voluntary Retirement Scheme although very attractive to the employees could not be utilized to the fullest extent because of lack of funds. However with the limited amount GRIDCO could reduce the employee strength substantially.

In the absence of any social security system in India, terminal benefits assume a significant position in the employees' life. Similar was the case in GRIDCO. However during the restructuring process, because of lack of clarity in the status of the terminal benefits specially with respect to pension, some amount of turbulence was created in the minds of the employees. This led to agitations and even court cases, although apparently the issues projected were different. With various notifications and clarifications from different quarters specially with regards to the pension benefit, the employees' reluctance was reduced to a great extent. In addition training played its role in skill upgradation and in preparing the employees to the needs of the emerging scenario.

In the privatized companies, at present attempts are being made to change the mindset of the employees so that there is an attitudinal change from perceiving a power utility as a charitable organization to a business venture. Major emphasis at present seems to be on improving revenue collection and in one of the distribution companies a new cadre is being developed to sustain it.

HR ISSUES IN PRIVATE PARTICIPATION IN INFRASTRUCTURE

A CASE STUDY OF ORISSA POWER REFORMS

1. Introduction and methodology

In developing economies public enterprises occupy an important role. In spite of their impressive size and build up they impose significant economic and financial burden on the State. This inevitably leads to declining investments of the State into more important basic sectors like health, education etc. All these make such loss making public enterprises appropriate for privatization by which it is expected that the State can free itself from the perpetually growing financial burden.

However privatization is also a sensitive issue since it affects the most crucial resource of an organization - the human resource. The effect on HR manifests in many ways. Not only does it restructure terms and conditions of service but also relationships at work. Quite often employees are asked to make sacrifices even to the extreme of being declared surplus and then asked to quit the job. Such requests are difficult to accept by any employee, more so in India because of the prevailing economic and social conditions. Near absence of any social security system also makes it difficult for an employee of any organization to even contemplate premature retirement. Thus the employee unions/associations have made it a point to oppose privatization irrespective of their political colour. Even the political parties find it easier to be in the opposition camp for reasons suited to their political gains.

The Indian legal structure is also not supportive of making employees surplus due to restructuring. Thus any action (layoff, retrenchment, closure), which will affect the employment status, as per the India labour laws need to have the sanction of the government. Among the various attempts made by the government to reduce surplus labour the Early Voluntary Retirement Scheme has the least opposition. However its efficacy in a country like India, where illiteracy, lack of financial planning and foresight, the urge to satisfy immediate needs etc. are significant characteristics of the employees, is yet to be ascertained.

While privatization and its impact on labour has been much discussed, it has generated more heat than light, the reason being lack of data which either due to its sensitivity or confidentiality has not been shared. This case study on Orissa Power Reforms is an attempt to understand basically the impact of privatization on human resources and the strategies and measures adopted to bring about this change. It is expected that from this case certain lessons can be learnt for future use.

Methodology

Since this study is more to understand the HR issues qualitatively rather than in quantitative terms, reliance has been more on data gathered by in-depth interviews. Data has been collected by face-to-face interviews and over telephonic discussions. The primary data has been supplemented by secondary data from published material and company documents.

The study is divided into *six sections*. While the *first* section introduces the topic and the methodology followed, the *second* part provides the backdrop in which the

reform process has been set in. The *third* section sketches the reform process in brief including its various components. It also portrays the formation of the two utilities i.e. GRIDCO and OHPC after restructuring and also provides some performance data. The *fourth* section illustrates the impact of the reforms on human resources and the *fifth* elaborates the various measures taken in support of the restructuring process. This section provides an in depth understanding of the various measures adopted and how they assisted the privatization process. In the *sixth* section the formation of the privatized companies have been described and the various steps being taken for bringing about a transformation in the mindset of the employees.

2. Background in brief

In India till independence the generation and distribution of electricity was through private sector efforts only. Large and well-known companies as licensees under the Indian Electricity Act 1910 usually managed these activities. Some of these organizations in Orissa were Cuttack Electricity Supply Company, Puri Electricity Supply Company, etc. Over the years (in India) there was a quantum jump in generation and distribution of electricity which by the year 1947 grew from 1.1 MW to 1363 MW.

In Independent India, since it was felt that the widespread availability of electricity was vital for the country's development, Government of India (GOI) enacted the Electricity (Supply) Act, 1948 which aimed at the rationalization of generation and distribution of electricity in India and created Electricity Boards to achieve the objective. The 1956 Industrial policy resolution also emphasized the need for development of the sector through state initiative and virtually barred the private utilities in adding generation capacities. State Electricity Boards (SEBs) were empowered to set up power generating stations except Nuclear power station, which remained with Central Govt. and the Central Electricity Authority (CEA) was formed to oversee the integrated development of the Sector.

Subsequently, various steps were taken by the government, which yielded remarkable results. The achievement in the first 50 years post independence was stupendous. The installed capacity, which was only 1363 MW in 1947, increased to 85919 MW by 31st March 1997. To day it is close to 99,000 MW. The total energy generation shot up from a meager 5000 MU to 3,94,800 MU per annum. During the same period the number of consumers increased 59 times with a per capita increase of consumption of power approximately twenty-three times.

However inspite of such impressive results over the years due to various reasons the SEBs could not fulfill the electricity needs of the country and had gradually made themselves non-sustainable in the present form. The major reasons, which contributed, to this state of affairs were:

- a. Lack of commercial orientation and conflicting objectives.
- b. Adverse capital structure.
- c. High transmission and distribution losses.
- d. Unmanageable size and monolithic structure.
- e. Unrealistic pricing policy resulting in a skewed tariff structure.
- f. Poor billing and collection.

- g. Bad quality of service due to want of repair and maintenance activities and lack of spares.
- h. Manpower related problems like over staffing, low skill levels and lack of training. Low motivation levels coupled with low accountability.
- i. Misuse of the statutory power of the State Governments to issue directives to SEBs to the extent that the political imperatives often overriding the commercial consideration.

3. The reform process in brief

In December 1991 the Chief Ministers of the various Indian states after several rounds of discussion, adopted a new national economic policy in which the following objectives were set for the power sector:

- a. To reduce reliance on government and raise resources from private sources for generation, transmission and distribution.
- b. To make available power at a reasonable cost.
- c. To ensure stable and good quality power supply.
- d. To supply power on demand.

This marked a reversal of the policy followed in the past and it welcomed an increasing role for the private sector in meeting the growing demand for funds and greater sector efficiency. The Power Sector Reforms of the type pioneered in Orissa were meant to address those weaknesses in the legal and commercial framework governing electricity.

By 1995 Orissa had a total generation capacity of about 3,000 MW under various hydel and thermal power stations, out of which 38 per cent was from hydro power stations, 23 per cent from thermal power stations, and the remaining from captive power plants and purchases from other states. In 1996-97, the transmission system consisted of 8300 circuit km of transmission lines of various capacities. The distribution system composed of 111,000 circuit km of distribution lines of various capacities.

Orissa State Electricity Board (OSEB)

Similar to other states, OSEB, established in March 1961, was the main body responsible for power sector development in the state. Along with OSEB, Department of Energy, Govt. of Orissa (GOO) was responsible for policy and planning for the power sector. Orissa Power Generation Corporation (OPGC) was created in 1984, which operated two thermal plants in the state and supplied power to OSEB. OSEB was vested with the responsibility of public power supply in the entire state as well as for regulation at the state level. OSEB obtained the required power for distribution either from its own generating stations or by purchasing from other generating utilities. By using its transmission and distribution network, it supplied power to the end consumers.

OSEB an organization belonging to GOO was governed by the provisions of the Electricity (Supply) Act, 1948. This 1948 Act explicitly required the SEBs to operate and adjust their tariffs to achieve a minimum return after interest of 3 per cent on net fixed assets in operation. In order to maintain this, state governments had to provide

substantial subsidies to help the SEBs meet their minimum return requirements by compensating for the low tariffs charged for residential and agriculture consumers.

Performance of OSEB

In terms of plant load factor and transmission and distribution losses the performance of OSEB during the period 1991-94 compared to other SEBs was quite dismal. The transmission and distribution losses though stated to be around 24 per cent by OSEB were reported to be much higher. A clear indication of the large transmission and distribution losses was made in the Annual Administration Report of the Grid Corporation of Orissa (GRIDCO) which listed such losses as 49.47 per cent **(1)**. During this period, Orissa also had a considerable power deficit, which was estimated to be in excess of 10 per cent, higher than the all-India average of 8 per cent.

Table – 1 gives an indication of OSEB's performance in comparison to other SEBs and the national average.

In 1993-94, the ratio of customers served to the employees of OSEB was 29, whereas the all India average was around 80 **(2)** The billing and collection of OSEB had been poor because a large portion of the billing was not done on the basis of meter reading but on average consumption or on load factors, which resulted in lower collection revenues. Figures available for 1996-97 indicated that only 12.19 per cent of the total bills were based on meter reading. Lack of appropriate controls and poor accounting of sales revenues had affected revenue collection. Figures available for 1998 indicated that in some of the revenue divisions, the percentage of billings collected was as low as 17 per cent. Unmetered supply to a large number consumers and theft of power resulted in non-technical losses **(3)** being as high as 20-25 per cent.

The financial performance of OSEB in the years preceding 1994 indicate that, in spite of an annual average growth of about 19 per cent in sales revenue, OSEB had not been able to earn the targeted statutory rate of return of 3 per cent on net fixed assets without subsidy from the Government of Orissa. As commented in the editorial in The Economic Times dated March 30, 1999:

“Reckless subsidies and politically mandated giveaways, complete with pilferages and gross mismanagement have wrought havoc in the state-dominated power sector. Power corrupts. In fact, open-ended subsidies-estimated at a whopping Rs 26,100 crore last year has become a perverse alibi for lax collections. As independent audit surveys show, what is routinely shown as line losses or cheap power for agriculture is often non-metered supply and plain theft. Besides, civil servants in stodgy SEBs have little incentive to boost collections. What we need is multiple power producers and suppliers who compete for custom”

HR management in OSEB

HR management in OSEB was also much below that could be expected from any professionally managed company. Although the Board was created to function as an independent body it's functioning indicated considerable interference by the government with all its bureaucratic rules and regulations. “Only a section of the

HRD wing was functioning i.e. Establishment wing. The service conditions, service benefits were regulated and guided as per the principles and policies of government of Orissa.” (4) Professional HR managers were not in charges of the HR activities instead technocrats / engineers looked after the HR department. At best sometimes government labour officials occupied those positions. Consequently HR management suffered because of the technocrat’s (specially at the field units) inability to understand the finer points of labour matters or for the government official’s excessive inclination towards the “rule book”. A glaring example of unprofessional HR management (to the extent of being ad hoc and unscrupulous) is the large number of NMR employees whose recruitment has been indiscriminate and utilization more influenced by individual concerns rather than the organization’s.

Training was not thought of as an important tool in HR management. It was more perceived to be a cost rather than an investment. In fact, there was only one officer designated as HRD and IRO who did not have much time to spend on training and development activities. Practically no in-house training was provided for staff on non-technical subject areas, except for a small project to improve information technology skills. The training carried out by the staff within the officer grades was also very limited. Only the staff at the Chief Engineer and Superintendent Engineer levels underwent formal training in general management skills and these had all been “one-off” events. The largest training (of the limited amount of training activities) was directed at the level of Executive Engineer, most of whom underwent training on general management. At the lower level exposure to training was practically unthinkable. In addition there was lack of formal planning of training requirements and inconsistency in the use of training.

Industrial relations climate in OSEB was more antagonistic than supportive. Numerous unions with equally numerous union leaders “managed their members” (also employees of OSEB) more than the officers of OSEB. Agreements were settled more with the blessings of political leaders rather than bipartitely between labour and management. Even today numerous stories float about how senior officials were harassed and heckled in the name of fighting for trade union rights/issues. The number of industrial disputes was so high and handled so ineffectively that even today the GRIDCO HR department is trying to settle many of them. As of now, (inspite of the tremendous effort put in by the HR department of GRIDCO) the number of disputes still pending is 162 compared to the post 1996 period wherein the number is only 49. As an official in the GRIDCO HR department puts it

“Earlier no one approached the issues professionally. No one explained to the leaders and the employees the true picture. As a result quite often there would be streams of protest and unnecessary bad feelings. Demonstrations and agitations both inside and outside the office were a daily affair.”

The then political leadership in Orissa could visualise the gravity of the situation and problems for the future. It had the conviction and political will to rescue the Power Sector of the State from the morass into which it was slowly and steadily sinking. Thus in April 1992, after elaborate discussions with the World Bank, Govt. of Orissa and OSEB agreed upon a Power Sector reform programme. The then Chief Minister of Orissa conveyed to the World Bank the State Government’s commitment to reform the Power Sector in the State. The programme envisaged substantial privatization and separation of the power Utilities from Govt. control.

The Orissa power sector reform programme comprised the following components **(5)**:

Restructuring of OSEB by Corporatization and Commercialization: This involved unbundling and structural separation of generation, transmission, and distribution into separate services to be provided by separate companies.

Privatization: This meant private sector participation in hydro generation and Grid Corporation, and privatization of thermal generation and distribution.

Competition: This involved procurement of new generation through competitive bidding.

Separate Regulation: This involved development of an autonomous power sector regulatory commission.

Tariff Reform: This meant reforming electricity tariffs at the bulk power, transmission, and retail levels.

Some of the important events in the reform programme is given chronologically in **Appendix - 1**.

Grid Corporation of Orissa (GRIDCO)

A principal feature of the restructuring process is the vertical unbundling of OSEB into distinct entities for generation, transmission, and distribution. While the power generation assets of OSEB were vested in a separate entity called the Orissa Hydro Power Corporation (OHPC) the transmission and distribution assets were vested in Grid Corporation of Orissa (GRIDCO) a separate entity incorporated on April 20, 1995. It was responsible for transmission, coordination of system planning and operations, and initially, for distribution and bulk power procurement also. It started functioning from April 1, 1996 after the transfer of assets of OSEB to GRIDCO under the OER Act 1995. The manpower as on March 31, 1996 was 31654 (**Table-2**) GRIDCO signed a corporatization agreement with the Government of Orissa which gave full autonomy to GRIDCO to operate in an efficient, economic, and commercial manner. After corporatization and formation of GRIDCO and OHPC the distribution function (which was with GRIDCO) was also privatized.

To facilitate private participation in the distribution activity, Orissa was divided into four geographical distribution zones (**Table-3a**). Each distribution zone was initially incorporated as a subsidiary of GRIDCO (in November 1997) and then made into separate independent companies (DISTCOs) with four new Managing Directors during March 1998. Later majority shares in these companies were divested to private parties.

4. Employment impact of the reforms

Corporatisation and commercialization of the power sector in Orissa was initiated during the early 1990s. Needless to say any restructuring will impact the existing employees in the organization, more so when the organization is an extension of the Government. While the impact will be in different areas of the organization this study is primarily looking into the effect on human resources.

Effect on human resources

When the reforms process was initiated OSEB had about 35,450 staff of whom about 5000 went to OHPC and the rest 30450 to GRIDCO of which 5050 was for transmission and 25400 for distribution (**Table-3b**) In February 1995 OSEB's Working Group on Human Resources Development concluded in their Report that there is overstaffing of approximately 12,000 employees. However in April 1996 a detailed exercise was done and a Staff Rationalization Report was made which considered various dimensions of the manpower status. The approach taken by this study and the different dimensions adopted has been detailed later in the report (page 15). After detailed discussions, the Board of GRIDCO accepted this report in October 1997, which indicated an excess of about 2800 employees (**6**). However preliminary estimates of the institution building Consultant indicated that with growth in business within five years the staff surpluses would reduce to about 11% in absolute numbers, though there will be mismatch in the skill level during the transition period. Since any immediate reduction in staff would be disruptive to the restructuring process and would require funds for retrenchment several options need to be considered for dealing with staff redundancies (in numbers and as well as skills). Surpluses in transmission were within manageable limits and potential private distribution investors have shown willingness to accept surplus staff and deal with redundancy over a 5-year period in line with GRIDCO's own staff transition plan. (**7**) The private investors had been explained (during the due diligence process) that it was not very difficult to rationalise the surplus staff over a period of time and this did not have any significant effect on the sale price. As the ex-CMD said

"It was also pointed out to them that manpower could be rationalised by (i) normal attrition, (ii) retraining and redeployment, (iii) introducing an early voluntary retirement scheme, and (iv) retiring employees over 50 years of age [Rule 41(1) of Orissa Civil Services (Pension) Rules 1992]. They understood and accepted the suggestions. We were happy with the price. It was above our expectations. A very transparent process of selling was adopted. Hence the surplus manpower did not have any effect on the sale price." (**8**)

Even later when the DISTCOs were being handed over, GRIDCO generated about 40% price premium in offloading majority stake in its 4 regional distribution companies (The Economic Times, March 30, 1999).

The private investors gave no specific guarantee as to how long they would retain the surplus employees. However no one till date has been retrenched as an outcome of reforms. Manpower figure from 1996-2000 is given in **table - 4**

It was also decided that each utility after the reforms would have their own employee service conditions. This needed an intensive careful study since not only the new

terms and conditions of service should be attractive enough to the employees to feel motivated but also within the framework of the existing legal requirements. Thus, while OER Act 1995 prescribed unbundling of the power sector it also recommended that the terms and conditions of service should not be inferior to that which was existing. In the existing legal framework (specially for the non-executive category) this also implies that for all practical purposes retrenchment due to restructuring can be ruled out although no specific guarantee was given. **(9)**

The officers who were with OSEB before restructuring although working for OSEB were mostly government employees. Either they were recruited by GOO and deputed to OSEB or they were recruited by GOO for OSEB. In both ways of intake the orientation of the officers was towards the government. Consequently their commitment was also not toward OSEB. This would also imply that since officers of OSEB were attuned to the culture and working of a government department the process of privatization would be a culture shock for them.

The restructuring of the power sector necessitated the relocation of the employees to different independent organizations and in order to do that their must be a clear identification as to which organization does the employee belong to. It was therefore necessary that the status of the employees especially the management needed to be clarified. The importance of status to a government employee is mainly due to the prestige and security associated with it.

This need for security of job is common to most government employees in India and thus any restructuring would evoke strong reactions against it, if it were perceived that the need is not being fulfilled. The employees perceived power sector reforms as a blindfolded jump into the abyss of uncertainty. The business model of *Privatization* ⇒ *competition* ⇒ *efficiency* was perceived by the employees as *Privatization* ⇒ *competition* ⇒ *hire and fire policy* ⇒ *exploitation*.

It was mainly this fear of the future, which manifested into employees' singular interest in terminal benefits specially the pension. This was accentuated during the transition because of unclear guidelines leading to litigations. More detailed analysis have been made later in the report. Although apparently the employees were fighting against the government's decision of compulsory transfer to GRIDCO/OHPC in essence it was a fight to ensure their future security.

The objective of the reform process was to create several distinct organizations to effectively serve the power sector. Since these organizations were to be carved out by relocating the existing human resources it was necessary to bring about a transformation in their mindset. The employees recruited and nurtured in the monolithic structure of OSEB characterized by complacency and unaccountability had to be changed into business oriented customer focused personnel. This would mean a continuous thrust on training. Training was not only needed for skill upgradation (for balancing the skill mismatch due to restructuring) but also for creating a sustainable training department.

5. Measures adopted in support of the privatization process

Although corporatization, commercialization and ultimately privatization of OSEB were finally put into action through the OER Act 1995, the real transformation of the

power sector needed multifaceted action implemented at various levels and stages. Given below are the different actions and influences, which has helped Orissa power sector reforms to take firm roots in the state.

A. Political support towards Power Sector Reforms

The political environment of Orissa was very supportive towards the reforms process. At various stages of the entire process the political leadership and the bureaucracy supported the reform process without any hesitation. Successive Chief Ministers irrespective of their political affiliation **(10)** have displayed at various stages and levels their commitment towards reforms in the power sector. In a letter dated April 4, 1996 from the GOO the Principal Secretary writes about the Chief Minister's commitment towards power sector reforms. In the same letter he mentions about the reform programme being reviewed and approved by the council of ministers in April 1994.

In January 1992 during the initial stages of the reform process there was a strike called in the power sector. The approach adopted by the State in handling the strike through quick and strong measures, showed that the political leadership was not only eager to support the reform process but also would not allow any disruption in its implementation. As said by one of the striking leaders **(11)** who were taken into custody during the strike, "eventually the strike fizzled out within four days and I think this also put some sort of fear within our minds about future actions."

During the transitory stage of the reform process the employees and their representatives had adopted some agitational methods against the management. The demonstration and agitation ultimately led to a meeting with the Chief Minister on March 12, 1997. While discussing the various employment related issues raised by the officers' association and workers' unions it was categorically mentioned in the meeting that, **(12)**

"There is no scope to look back. In the liberalized economy with global competitiveness, quality and efficiency is the call of the Day for Survival. Thus, privatization of the related activities in Power Sector is the only alternative. Hence, it should be our common endeavor to make the Reform a success and make GRIDCO a profit Oriented, Economically viable and competitive Unit of the State. The process of reform has just started; the benefits will only flow out of this in course of time. Hence, the representatives are reassured that they need not have any apprehension about their future prospects."

In the same meeting in response to a memorandum submitted to the management of GRIDCO calling for a protest strike during the later part of the month, the chief minister **(13)**

"Advised the representatives to refrain from such activities and cooperate with the Govt. as well as the Management of GRIDCO for better prospects in Power Sector in the State of Orissa. He further advised that the problems could be resolved with constructive proposals and mutual discussions but not through agitational activities. He reiterated his conviction that all-round growth and appreciable prosperity shall only come through the Reform process which had been pioneered by the State of Orissa in the Country."

Political support also indirectly reduced the opposition from various unions / associations (listed in **Table-6**). In India where employee collectives are strongly linked to political parties, the behaviour of the collectives gets influenced by the fact whether their political party is in power or in opposition. In all probability (although not admitted) selective employee federations in GRIDCO would not have liked to embarrass the Chief Minister who is the leader of the political party to which the federation is linked. Thus the opposition, which a united labour force could exhibit against the reform process, got diffused and diluted

B. Staff rationalization plan

In April 1996, GRIDCO completed a staffing study which determined the staffing norms for each of the activities performed at Divisional level and below within the operating, maintenance, clerical, commercial and construction functions of GRIDCO as a whole comprising both the transmission and distribution businesses.

Approach adopted

The study classified each of GRIDCO's Divisions according to the geographical areas of Orissa and population density groupings (urban, semi-urban and rural).

The operation and maintenance, construction, commercial and administration activities of each of the Divisions were documented and analyzed by first of all establishing the number of work drivers in each Division such as length of lines, number and type of transformers and numbers in each category of consumer. Then staffing norms were established for the activities carried out by each Division. The staffing norms gave the number of staff required in each grade for each task in each activity in terms of either the work drivers or geographical location. Where geographical differences or population density impact on staffing requirements separate norms were developed for each classification. Applying the staffing norms for each activity appropriate to each Division's geography and population density to the work drivers determined the total number of staff required in each grade to undertake the work of each Division.

Findings of the study

The principal findings of the staffing study are summarized below:

- surplus labour is mainly amongst the technical unskilled grade. **(14)**
- there tends to be excess staff in the urban Divisions and staff shortages in the rural Divisions
- there is a skill shortage amongst linesmen (skilled workers whose principal tasks involve line inspection, general repair and construction activities), with each Zonal Business requiring training of staff in this category.
- there are skill shortages in some Divisions, which can only be corrected through recruitment.

Gaining acceptance

The staffing norms established were discussed with and accepted by management and employees throughout GRIDCO at meetings of all levels of staff. Massive emphasis has been laid on training to address the issue of skill shortages by conducting training programmes (DFID funded and otherwise), and building training centres manned by GRIDCO staff.

C. Support from legislation

The OER Act 1995 has categorically mentioned that transfer of personnel is subject to Section 24(2) of the OER Act, 1995 which provides for the transfer of personnel from State Government to GRIDCO through a transfer scheme. Upon such transfer, the terms and conditions of their service under GRIDCO shall not in any way be less favourable than those they enjoyed prior to the transfer. This applies to all employees including executives and workmen.

For workers, in addition, the Industrial Disputes Act 1947 lays down (section 25FF) that in the event the ownership or management of an undertaking is transferred, the terms and conditions of service applicable to the workmen after such transfer are not in any way less favourable than those which applied to them immediately before the transfer.

Later when GRIDCO formulated its own service regulation for the officers they included

“Absorption in Successor Organization” (regulation 27) which states that

In the event of any reorganization of the Company’s activities and transfer of the activities to other entities pursuant to the Reform Programme, and as a part of the above the Officers are to be transferred and absorbed the following shall be the criteria.

- i. The terms and conditions of the service applicable to the Officers shall not in any way be less favourable.
- ii. There shall be a continuity of service and the services rendered by the Officer before such transfer and absorption shall be taken into account in all respects.
- iii. The transfer and absorption of the Officers shall be given effect to before the new entity employ others persons in the posts/functions relevant for the officers and there shall be no retrenchment on this account.

Thus through legislation and otherwise it was ensured that the new terms and conditions of service was in no way inferior to that enjoyed before corporatisation / privatization.

D. Ensuring Support from the Employees

It is quite obvious that without the support of the employees, any restructuring process cannot be effectively implemented. There are broadly two categories of

employees in GRIDCO – the Officers and the non-officers (workers). Thus it is imperative that in order to carry through the reform process various approaches and measures have to be taken to ensure the support of both categories. Given below are the measures adopted by GRIDCO (and later by the private companies) at various stages of the reform process.

i. Terms and conditions of service

An important manifestation of service conditions is the wage / salary that the employees enjoy. This assumed more importance when the workers and their unions and officers and their associations understood the inevitability of the reform process. Although comparatively the wages and facilities in OSEB (**Table-5**) were better than the government, it was not felt attractive enough for the reforms to take place. The wages in the other PSUs were more or less in line with the government while the private sector paid according to their paying capacity. The share of the labour cost to the total operating cost in OSEB (1995-96) was 17.3%, while in GRIDCO it was 15.6% in 1996-97 and 14.82% in 1997-98 (Annual Administrative Report of OSEB and GRIDCO). The management also perceived that not only any positive change in the wage and salary level will be a boost to the reform efforts, but it will also give a chance to the management to improve the employees' remuneration levels that existed. As the ex-Director (HR) explains, "Probably this was the last chance to do something for the employees." **(15)**

As a consequence several actions were taken:

1. Signing of a new settlement with the workers, which was long pending since April 1, 1995.

The Electrical Workers–Employees – Engineers – Officers – Joint Action Committee submitted a Five point Charter of demand to the Hon'ble Chief Minister of Orissa, CMD, GRIDCO and CMD, OHPC on February 22, 1997. Besides other issues the Joint Action Committees demanded for forthwith finalisation of conditions of service including salary and wage of the employees, workers, engineers and officers.

This and subsequent agitations led to a meeting convened by the Hon'ble Chief Minister, Orissa on March 12, 1997 in his Assembly chamber. During the course of discussion it was decided that since many other factors like manning pattern, quality of service, recruitment / promotion rules, change of service conditions, etc. are to be reviewed in the context of the reforms process and shall be part of the package deal it was considered appropriate to await for the final guidelines of the Government on the Pay Commission recommendations. However, as the representatives of the Unions/Federations were pressing to initiate the negotiation. It was agreed to start the same after April 1, 1997.

The management thereafter invited the Federations for bilateral discussions on wage revision issues on March 21, 22, and April 15, 1997. In course of discussion it was agreed to form a negotiation committee comprising of representatives of the federal bodies representing the Unions and the representatives of the management. It was also mutually agreed that the dialogue on the wage revision by the joint negotiation committee should be deferred till the date of publication of 5th Pay Commission report.

After protracted discussions and keeping the guidelines of the Fifth Pay Commission Report in mind a memorandum of understanding was arrived at on October 29, 1997 (signed as a settlement in March 1998). **(16)**

Both the process of settlement and the settlement itself ushered in a new approach to wage negotiation in GRIDCO. Unlike earlier years the entire process finished within 22 days.

As explained by the ex-director (HR) **(17)**:

“ In the last 30 years of OSEB, any wage revision used to take atleast 3-4 years, which would be preceded by 2-3 strikes and other forms of agitations. For example, there was a pay revision which was due from April 95, but no discussion had taken place on the wage revision till April 97. The employees were disgusted with the state of affairs. We were able to complete the wage revision within 22 days after the negotiation started.”

In addition to the short time frame to complete the negotiation and finalize the agreement the approach displayed by the Management of GRIDCO indicates that unlike the days in OSEB, GRIDCO was being professionalized. For the first time unions were asked to come jointly and not as disparate groups and thus a joint action committee of four major federations were formed. The federations were namely:

- a. OSEB Shramika Mahasangha
- b. Nikhila Orissa Bidyut Board Shramika Mahasangha
- c. OSEB Employees' Federation
- d. The GRIDCO, Hydro, Thermal Employees' Federation

Even the measures adopted by the management in negotiating this settlement were different from the OSEB days. As explained by the ex-director HR of GRIDCO,

“ Earlier the management started the negotiation by stating the initial offer and the union built up on that to get more. In GRIDCO we wanted them to put their demands so that we could negotiate. In the process we had to educate the unions about various financial and other nuances of the organization. The union understood and appreciated that we mean business.”

Needless to mention the contents of the settlement were not only beneficial but also helpful in streamlining many anomalies. The salary increase which was pending for a long time was on an average 3 times more (basic) than what was existing. The junior engineers who used to claim themselves to be a part of the workers and used to be covered under the Wage Board settlements were separated and rightfully brought under the officers' cadre. Moreover even in the manner of calculating the revised wages for each employee the total transparency with which the HR department worked was unprecedented in the history of the Board. Unlike the previous system when wage and salary was “what the clerks/assistants understood and interpreted and ultimately implemented leading to many disputes”, in GRIDCO clear instructions went to the employees and clarifications given as and when required. From the bureaucratic rule boundedness, it was a distinct step towards professionalism.

2. Revising the officers' pay scales with effect from April 1, 1995 and January 1, 1996.

Getting the support of officers proved to be more difficult than the workers due to the unique nature of their employment, which made them government employees although working for OSEB. The employees of OSEB could be broadly divided into three categories. There were Engineers who were recruited by the government in their various department (e.g. Energy, Irrigation etc.) and deputed to OSEB. The other group of engineers (i.e. Assistant Engineers) were recruited by the government through OPSC for the offices of the Chief Electrical Inspector and the Engineer-in-Chief of Electrical Projects (both of which were directly under government.) and for OSEB. The junior engineers (Diploma holders) were recruited by OSEB directly.

Thus as government employee they enjoyed several benefits **(18)** which they apprehended would be lost once they are transferred to the corporation or the privatized companies.

However, both the long overdue salary revision (wherein the salary was increased substantially) and the fitment exercise had appreciable positive impact. As mentioned earlier by this salary revision some of the officers (junior engineers, etc.) under wage board principals were brought under the officers' cadre.

Some of the other areas where the new services conditions scored above that which existed earlier were **(19)**

1. Significantly improved promotional opportunities have been provided at level E-4 (Asst Engineer), E-7 (AGM) and E-9 (Sr. GM) by substantially increasing the number of posts at these levels.
 2. Entitlements for travelling by Air, Air-conditions 1st Class as well as entitlements for re-imbusement of Taxi Fare has been extended to officers who at present are not entitled to these facilities under rules framed by the State Government.
 3. Significant increases in the Daily Allowances of officers while they are on duty both within the State and outside the State.
 4. Officers both within the State and outside the State will be entitled to reimbursement of Hotel Expenses subject to certain limits which are substantially more than the limits now fixed.
3. Fitment and redesignation of officers to higher grades

The severe stagnation among the Government cadre Engineers has been the cause of a great deal of resentment and heartburn. Amelioration of this stagnation once GRIDCO forms its own cadre was one of the points made by the Principal Secretary, Department of Energy in his letter inviting the preferences of the Government cadre Engineers. After the formation of GRIDCO's own cadre with effect from April 1, 1997 in order to open up promotion prospects to remove the stagnation, it was possible to

work out an acceptable method. The entire issue of fitment was considered and approved by the Board and Directors of GRIDCO on July 29 1997.

The scheme appropriately fitted all those who had the required number of years of service into the next higher grade with some stagnation increment. In addition, they were also redesignated. These fitments were not promotions but were merely aimed at ameliorating the stagnation in the cadre. Therefore, those Executives who were allowed fitment in the next higher scale and were designated accordingly would be entitled to the next promotion as and when vacancies become available in that level irrespective of the period they may have served in the higher scale as a result of this fitment. Subsequent promotions would be on the basis of normal promotion rules of GRIDCO.

ii. Pension

One benefit, which attracted maximum attention, is the pension benefit, which the employees were enjoying in OSEB. In OSEB as terminal benefit they were entitled to pension and gratuity. While the gratuity was a one-time payment, pension provided a steady monthly income even compensating for the rise of consumer price index. Thus in the mind of the employees the pension provided a sense of security **(Appendix-2)**. Consequently during the transition period lack of any clear guidelines and explanation about such important terminal benefits increased the sense of uncertainty and insecurity among the employees

“This was more for senior officers who had few years left for retirement and did not want to lose the pension benefits of the remaining years since it was calculated on the basis of the last pay drawn.”

Therefore, it was ensured that the new service terms and conditions applicable to them after their transfer were not less favourable or inferior to those applicable to them before their transfer and that they would get full benefits of their previous service for all purposes including terminal benefits.

iii. Promotions

In OSEB, engineers who joined as assistant engineers got their promotions after perhaps ten years or more, and there were Executive Engineers who had served for 25 years or more. There was substantial disenchantment among the SEB staff in this regard. To increase the career advancement opportunities in GRIDCO, the number of levels in the organization was increased. As the Director of Human Resources said **(20)**:

“In the government scale, there were 5 levels. Now if we say that an engineer starts working at the age of 23 and works for about 35 years till the age of 58 then on an average, he spends about 8 years at each level. It is difficult to remain motivated for such a long period in a government organization. Therefore, we increased the levels to 10 so that an employee spends only about 3.5 years at a single level. This will provide an incentive for the employee to perform.”

Traditionally, promotions in OSEB were mostly seniority-based. The majority of postings at the Chief Engineer level and many of those at the Superintending

Engineer level were for very short duration, often at the end of the individuals' careers. Following restructuring, this system of seniority-based recruitment was changed to fixed-term appointments for the senior-most positions. The appointment for the posts of Chief General Manager was by selection, which gave due credit to both merit and seniority. The Board of Directors of GRIDCO prescribed the eligibility and conditions to be satisfied for appointment to such grades and the appointments were made initially for a period of three years, which could be further renewed till the officer attained superannuation. These provisions ensured continuity in top management.

iv. Designating Engineers as Managers

After corporatization, the engineers of GRIDCO starting from Chief Engineers to Assistant Engineers were designated as Managers. The purpose of redesignation was to introduce a cultural change in the functioning of the organization and to basically inculcate in them a feeling that they had to start functioning as managers rather than only as engineers. The ex-Chairman of GRIDCO summed this up as follows (21):

“The main purpose of changing the designation from engineers to managers is that the work expected from them is much broader than engineering or technical functions. For example, a Chief Engineer manages about 2000 to 5000 people. Hardly 20 per cent of the time is spent on technical matters. He has to attend to financial and collection matters, consumer-related issues, and so on. So, one is expected to play a larger role than a pure engineer.”

It also served to indirectly break the culture that it was an engineers' organization. It is a purely commercial organization. Though the product that it deals with may be unique, it is still a business organization. So the thrust is to make them feel is that it is not only an engineering job, but is wider in scope.

v. Creation of new department

OSEB was largely considered to be an engineering organization. There were about 2500 engineers and only 200 officers with other backgrounds. Engineers performed even non-engineering functions like Human Resources and Finance. But, these are separate skilled functions where engineering skills may not be of much help. Following restructuring, people with appropriate skills were recruited to these departments. The heads of newly created departments like Human Resources, Finance and Information Technology were all appointed through external recruitment.

New appointments were made in management positions to increase the attention on these functions. For instance, new directors were appointed for Corporate Planning, Transmission, Management Information System, and Distribution. Top management appointments had also been made in departments like Human Resources Development and Information Technology, which were previously headed by middle management personnel with no specialization. Thus, appointment of top specialists had given these departments more importance and a new thrust to their activities.

Managing human resources was one significant area where such a thrust projected the organizations commitment towards professionalism and objectivity. Among the important actions taken were disciplinary proceedings against errant workman was expedited, honest and hard work was adequately compensated and exemplary courage and commitment to the organization was awarded. In 1998 in one such incident when a linesman was assaulted for trying to disconnect unauthorised connection, GRIDCO supported the employee by providing medical expenses, granting him extraordinary leave for medical attention and giving him cash award. Even the junior engineer who tried to protect the linesman was also rewarded. Such action and many others did project the organizations thrust towards building a different culture.

vi. Management of Surplus staff

Absence of any human resource planning, proper recruitment policy, lack of effective administration of temporary workforce and vested interests of certain groups have created a large contingent of surplus workforce affecting the performance of the erstwhile OSEB. After the restructuring programme, GRIDCO introduced an Early Voluntary Retirement Scheme (EVRS) in August 1997. The first scheme had a cut off date of 30th June 1998, which was later extended, to March 1999. The scheme received approximately 1500 applications and as on March 31, 1999 i.e. on the eve of the privatisation of GRIDCO's distribution business a total of 647 employees (executives 42 and non-executives 605) were allowed voluntary retirement.

Although reduction of employees was the main objective, separation by way of termination under the present legal framework (ID Act 1947 debars termination because of transfer of management) is a difficult proposition. The employees could have been redeployed in other organizations but in a not so developed economy where manpower surplus was a common phenomenon among different organization there were no takers. So the only manner in which employee separation was possible is by adopting an Early Voluntary Scheme.

The objectives of the EVR Scheme were **(22)**

- To provide employees of the company an opportunity to seek early retirement with commensurate monetary benefits
- To achieve optimum manpower utilization
- To rationalize manpower of the company in light of age skill mix required and thereby increase productivity

The monetary benefit included payment of one and half months pay for each completed year of continuous service, or equivalent amount of monthly pay multiplied by the balance months of service left out for normal date of retirement whichever is less. Besides, the employee was entitled for one month or three months pay in lieu of notice period as per service condition. The employee was also entitled for other terminal benefits viz. balance in his provident fund account, gratuity and / or pension, cash equivalent of accumulated un-utilized earned leave not exceeding 240 days, TA/DA for self and family to the place where the employee intends to settle after retirement and transportation cost of personal effects as per the rule of the

company (23) The scheme was purely voluntary and open to all eligible employees. The eligible employees were those who had completed minimum of 10 years of continuous service or have attained the age of 40 years as on the date of the submission of application under the scheme. The scheme was most beneficial and attractive to the 53 plus age group. As per the company officials the applicants of the EVR scheme were mostly employees in the higher age bracket (i.e. 55 years or more) and very few employees in the lower age group (less than 45 years).

A committee consisting of the Director Finance, Director HRD and Director Transmission & Distribution looked into the applications. They recommended to the Chairman the names of the "right candidates" for retirement and employees whom they wanted to retain were not recommended. Officers in general were not given, because of shortage in that category. Although there was no specific laid down policies for selection of the "right candidates" (and all were allowed to apply), the criteria which was kept in mind was their inability to perform due to old age, inefficiency etc. Average VRS payment for workers was 3.5 to 4 lakhs and for the officers 5 to 6 lakhs. The entire VR cost was approximately Rs. 50 crores and was generated from internal resources. This was because financial help was not available from any external donor agencies. Impressions gathered during interviews indicate that others remained willingly to the extent that if money were available probably more would have taken voluntary retirement.

While the Orissa government's scheme for voluntary retirement provided for 21 days per year of service, GRIDCO's VR Scheme paid for 45 days. GRIDCO's scheme was evidently much better than that of the government (and it is reported that there are few takers for the Orissa government's scheme) and in spite of the initial reservations expressed by the Orissa government, GRIDCO could go ahead with the scheme.

One of the major difficulties of any Early Voluntary Retirement Scheme is the possibility of losing important and critical employees. When confronted with this question the management admitted that deselection of certain potential EVRS applicants was done by personally calling those employees and persuading them not to apply since their future in the company was bright. Needless to mention this was done very discreetly and by people at very senior level.

The fund for the scheme was internally generated and thus in spite of so many applications, due to lack of funds, less than 50% (as on March 31, 1999) could be granted the benefits of the scheme. The management claims and is also supported by employees and their representatives that if the scheme was reopened then many more applications would be received.

Although the EVR Scheme was attractive hardly any counselling was done either before an employee opted for the scheme or after he had received the benefits. The organization also did not pursue the matter probably because the objective of EVRS was manpower reduction only. The only counselling the management did was to deselect some "crucial" employees whom they did not want to let go.

Probably counselling was not required since feedback from various sources indicate that most of the employees who had taken EVR were enjoying their "inactive" life. While some employees got reemployed or started small businesses (even by

forming cooperatives) for the majority the pension amount and the terminal benefits were sufficient to “enjoy” the rest of their lives.

Unlike in many organizations the unions in GRIDCO were divided in their support to the EVR Scheme. While they were all officially (for their own reasons) against the employees leaving the organization not many actively opposed it. Interaction with the union leaders made it explicit that while some might not have agreed with the concept but keeping in mind the organization's health and the ultimate objective did not object to it.

vii. Regularisation of nominal muster roll employees

As mentioned earlier absence of any HR Planning coupled with vested interest led to many temporary workers in OSEB. During the transition from OSEB to GRIDCO the board decided to regularise 4441 members of NMR employees (24) who have completed 400 days of continuous services and continued to be on roll in the regular post of helpers. Regularization was done in phases starting from 1995-96 to late 1998 and early 1999. The number finally totaled 5336. Simultaneously the semi-skilled NMR workers were paid enhanced arrear wages with effect from January 1, 1991. It was also decided that in future there would not be any further appointment of NMR workers.

Without doubt the regularization of the NMR employees involved considerable expenditure, since whereas earlier they were getting only Rs. 30/- per day after regularization it increased to Rs. 3500/- per month (approximately after pay revision when the minimum basic was Rs. 2550 and the total pay included the Dearness allowance, HRA of 20% of basic and Medical allowance of 3% of the basic). Although, comparatively, regularization of the NMR employees does not appear to be financially beneficial the need to carry the reform process through compelled the management to take this decision. Probably they could have been terminated but definitely this would have created a very bad impression that “reforms means retrenchment”. As stated by an ex-CMD

“Possibly with such a beginning we would not have been able to carry on with the reforms”

In addition one could also look into the regularization of the NMR employees as an implementation of a settlement dated 1.10.86 between OSEB and their workmen represented through OSEB employees Federation, which stated (item 7) that “NMR workers who have completed 400 days as on 1.9.81 shall be regularized in terms of settlement dated 10.9.81”. In accordance to this pending issue and driven by the need to push forward the reform process, the management regularized the NMR workers. Needless to say this large scale regularisation and payment of enhanced arrear wages at the transitory junction of OSEB to GRIDCO / OHPC created a very positive impressions about the reform process. It put more weight to what was being said by the government that there would be no retrenchment because of reforms.

viii. Regularisation of Stipendiary Engineers

In 1991-92, the State Government went in for a large-scale recruitment of Engineering graduates belonging to different disciplines by relaxing the usual mode

of recruitment, which was through Orissa Public Service Commission. The idea was that once the emergency recruitment was completed, the process could be regularized by issuing appropriate Government notifications. Around 250 or so of these Engineers were assigned to OSEB. Even after OSEB was split up into GRIDCO and OHPC from 1st April 1996, the promised regularisation did not take place. All these engineers, designated as Stipendiary Engineers, were not entitled to any service benefits whatever, except for the fixed stipend, which had remained unaltered since 1991-92. Taking advantage of the autonomy granted to GRIDCO by the State Government under a Memorandum of Understanding signed by the two, GRIDCO regularized the services of 177 Stipendiary Engineers who were on GRIDCO's rolls in June 1997.

ix. Re absorption of Thermal Engineers

In June 1995, OSEB's only Thermal Power Plant was sold to NTPC who agreed to retain 100% of the unionized labour but only about 25% of the Officers. As a result, the remaining Officers were repatriated to OSEB. While some of them had originally belonged to OSEB, some were recruited directly by the Thermal Plant management and fitting them into OSEB gradation lists had posed several problems and was subject of writ petitions in the High Court. This matter was tackled in 1997 by evolving a formula (office order no. 24449 dated 30 July 1997), which was acceptable to both the repatriates and to the OSEB Officers. As a result of this compromise, the writ petitions were withdrawn from the High Court.

x. Modified Rehabilitation Scheme

Employment to the dependents of employees who have died in harness is a benefit commonly extended in many government department. Under OSEB regime, employment was being given to dependants of the deceased workers on duty on rehabilitation grounds. While this may help the organization in fulfilling its commitment to employment security the overall effect on the employment profile and number is far from positive. Thus in order to streamline the newly formed GRIDCO its management modified the Rehabilitation Scheme from providing employment to providing financial support to the dependents. The scheme provides financial assistance, through a Rehabilitation Trust, to employees or the nominated dependents of employees, who die or suffer permanent incapacitation while in service.

The corpus of the trust was calculated by actuarial valuation and funded by DFID. This trust was registered on 28th January 1998. The scheme renders financial assistance through a fixed deposited of Rs.1 lakhs. The monthly interest on this deposit is paid by the bank to the beneficiary for six years after which period, the principal is paid to the dependents of the deceased or the permanently incapacitated employees (as the case may be).

Keeping in mind the organization's health and the difficulties (which were faced by the dependents who got jobs through the earlier scheme) there were not much protests against the new scheme.

xi. Employee share ownership

In a letter elaborating the plans for power sector reforms the GOO stated that it is **(25)**

“Desirable to invite the employees of OHPC and GRIDCO to participate in the equity of the company. GOO desires to divest about 10 per cent of its equity in OHPC and GRIDCO to the employees. In the absence of opportunities to sell the stocks, the employees may, however, not be ready to invest till the stocks are listed on the stock exchange. Since the Companies Act prohibits a company from buying its own shares (except for reducing its capital) we intend to establish a self-liquidating short-term “trust” which shall buy and sell shares of OHPC and GRIDCO, only to the employees, for the interim period before these companies get their shares listed on the stock exchange.”

While the management of GRIDCO believes in this objective not much progress has been made in this regard. The reason for this being mainly, the inability of the employees’ unions/associations to select their representatives. Although one union did claim that they have made progress in this regard, no official authentication of this claim has been registered.

xii. Managing labour disputes and legal challenges

In OSEB industrial relations was not in a good shape. Multiplicity of unions and associations (OSEB had about 43 unions and associations, **Table-6**), inter-union rivalry and unresolved labour disputes (by the end of 1995, 173 disputes were pending) was a common feature. Basically an atmosphere of distrust prevailed. As an officer of the HR department elaborated **(26)** “earlier everyday the employees used to shout slogans at the management, abusing officers were quite common in the organization.”

Structurally the reforms did not have much effect on the unions/associations, since with the formation of the different organizations (GRIDCO, OHPC, and DISTCOs) the unions / associations in these separate organizations were functioning as if they were branches of the main body. Thus among the office bearers in the main Federation there would be members representing these separate organizations.

With the formation of GRIDCO there has been a decline in the number of disputes (only 49 cases were reported after 1996). At present with the formation of different zones and subsequently divesting them to different companies, GRIDCO is left with only 5883 employees (as of March 31, 2001). Further with the intake of professional executives in the HR department the approach to HR management has been professionalised, which in addition to the reduction in staff have not only reduced the number of disputes but also have made employees more positively oriented towards the reform process. This does not necessarily mean that employees have become anti-union, but it only indicates that employees are becoming more realistic and do not find merit in always blindly following anything and everything that is told to them.

There have been a number of legal challenges by the engineers (who were formerly GOO employees) to the transfer of those engineers from GOO to GRIDCO / OHPC as a part of the restructuring process. In a decision of the Orissa Administrative

Tribunal, delivered on March 27, 1996, the Tribunal accepted the validity of the original transfer instrument (OER Scheme Rules 1996). This decision was upheld in the Supreme Court in its judgment in December 1997, in final disposition of the appeal from the Tribunal's decision. Notwithstanding this, the Supreme Court held that, since the procedure was not followed correctly a further opportunity to express their willingness (to be transferred from GOO to GRIDCO / OHPC) needs to be given to the engineers (see appendix-2 for more details). Since a limited number of positions were available with GOO ultimately very few went back to GOO. Moreover with the emerging clarity in the service condition of GRIDCO (specially the pension rules) more engineers were willing to be a part of the new endeavor.

xiii. Campaigning by management

Implementation of any process no matter how simple it is, cannot be smooth unless it is supported by information dissemination. During Orissa power reforms sustained campaigning was done both externally and internally. Externally publicity was made by print and electronic media (by TV serials, advertisement spots etc) Statements were issued periodically to inform the general public and the employees about the future and to quell any possibility of negative publicity. For example the Chairman of the corporation publicly issued statements that there would be no job losses following reform. Internally meetings, seminars, workshops conducted by the management with employees and their unions/associations both in public and private and the GRIDCO Newsletter served the purpose.

xiv. Training and Development

The metamorphosis of the monolithic structure of OSEB into a corporation that is GRIDCO / OHPC and thereafter privatization needs massive changes to be brought about at various levels and stages. While structural changes are possible without much effort, comparatively to transform the human resources in the organization to accept the changes needs intensive and systematic interventions. One such intervention is training and development.

As indicated earlier, during the days of OSEB, there was no emphasis on training activities. However with the formation of GRIDCO it was understood, at the beginning itself, that a major thrust is needed in training and development activities if the power sector reform is to succeed. A department of HRD, having a separate Training and development wing was created under Director (HR). In addition GRIDCO's institutional building consultants not only helped in arranging and providing training in various areas but also helped in building up a sustainable institutional capacity of GRIDCO in training its own staff so that GRIDCO can

- a. establish a nucleus of training staff, who will be trained in carrying on this activity in future
- b. develop local institutional capability of training institutions and
- c. develop training manuals including training strategy, policy, and procedures.

a. Training facilities

To ensure continuous development of the employees, properly equipped training facilities have been, or are being created as detailed below:

Management Training Centre, Bhubaneswar

GRIDCO Management Training Centre (MTC), Kalyani Complex started functioning in the month of September 1996. This has been sponsored and financed by DFID. Its main objective is to impart various management and technical training to GRIDCO personnel / officials working in different areas i.e. Distribution and Transmission, Finance and HRD. Initially, M/S Price Water House and Training and Development Wing of GRIDCO conducted the training programmes jointly.

GRIDCO Power Training Centre at Chandaka

GRIDCO Power Training Centre at Chandaka grid sub-station (formerly known as Core Skill Training Centre) was established with the help of M/s Price Water House / Northern Electric (UK) as a part of Training activities in the beginning of the year 1996. This technical training centre was specifically designed to accommodate the practical training of engineers, linesmen and helpers. The finance for infrastructure development and other major expenditures were from DFID. The Centre has been able to achieve the objective by developing 156 On-job-Trainers (OJTs) covering almost all Distribution Sub-divisions.

Multi-skilled training centres in Berhampur and Burla

Two new multi-skilled training centres exist in Berhampur and Burla. These centres, are for linesmen who have the potential and ability to gain a higher-level permit under the electrical workman's permit scheme.

b. Training needs assessment

A training needs assessment was undertaken in 1995. This assessment highlighted shortcomings in employees' understanding of their role and responsibilities and in the range of skills they are able to apply to their role. Accordingly, a comprehensive training plan for management and technical training programme was designed. This programme recognized and implemented three important requirements for achieving success.

- Job specific courses delivered to the right participant groups
- Training of GRIDCO staff to continue the training process
- The creation of properly equipped training centres to facilitate adequate training

c. Various training programme

1. Creating managerial excellence

This programme, which concentrates on middle and junior level managers and is delivered in modular form, commenced in May 1998. The objectives of the programme are to

- Improve managers' understanding of their role in implementing sound business practices.
- Make managers aware of their contribution to GRIDCO's sustained growth and development.
- Help managers make the ideological shift to viewing the Division as a profit centre.
- Train managers in the use and analysis of financial operational information.

2. Functional training

Information technology management

GRIDCO is in the process of computerising its business processes. In this regard, a modular programme has been designed to inform the IT department of how to go about this task. In addition increasing computer awareness among the officers and staff of GRIDCO is also being attempted at.

Stores and materials control

A programme to address the needs of those GRIDCO managers involved in the procurement of materials and stores management has been designed in modular form and delivered. The first module concentrated on the principles of procurement and stores management, and the role of the persons involved in stores management. This was followed by the second module, which provides training to the relevant individuals on the implementation of the revised stores procedures manual, which was prepared to improve the operation of GRIDCO stores.

Management accounting and budget control

This programme trained GRIDCO Divisional accountants and revenue Divisional accountants in a number of principles:

- Management accounting and budgetary control;
- How to analyze Divisional and Sub-Divisional financial and operating performance;
- How to prepare accurate monthly management information in a timely manner.

3. Demand Side Management (DSM)

A programme of technical and practical instruction on DSM techniques and the use of measuring instruments were delivered to the engineers seconded to the DSM cell.

4. Technical training

Junior engineers

The training needs assessment established that there was a need to update GRIDCO engineering practice manuals for major work areas. Accordingly, transmission and distribution engineering procedures were designed and documented in manuals, which were used as the basis for practical training of junior engineers.

Workers below the rank of junior engineer

The training needs assessment revealed that linesmen, electricians and helpers who assist with work on the distribution system required significant training to upgrade their knowledge and skills. Since these employees number approximately 15,000 it was not practical to deliver formal courses at training centres. Accordingly, a programme was designed to train on-the-job trainers, who would then train all workers below the rank of junior engineer in systematic manner aimed at completing the training of the workers in the shortest time. Two personnel from UK gave the initial training for four months. And out of a batch of 12 only the best seven on merit basis were chosen to be made as trainers at the GRIDCO Power Training Centre.

5. Other courses and workshops

In addition in 1998 GRIDCO sponsored employees for 17 workshops and seminars at various locations throughout India. Seminar and workshop topics covered a range of management technical and human resources issues.

d. Implementation of training courses

The training programmes were established in 1996 and are on-going. As on 31 March 1998, 98 different courses have been delivered to approximately 3,700 employees (management personnel, managers, engineers, clerks, linesmen and helpers) covering all 43 Divisions. Besides the corporate training and development activities, M/s Price Water House have conducted training programmes for GRIDCO Executives under DFID funded Institutional Strengthening Project (**Table - 7**)

In addition, 13 GRIDCO trainers who were trained in early 1997, have since trained a total of 153 on-the-job trainers.

Additional list of training programmes offered to the employees is given in **Table - 8**

e. Evaluation of training courses

Two evaluation exercises have been conducted to date to verify the benefit of the programme and its overall usefulness to GRIDCO.

The evaluations indicated measurable improved performance. This was particular the case in relation to the time taken to solve consumer complaints. For example, the implementation of the consumer complaints procedure has reduced complaints

processing time in certain Divisions from approximately 110 days to between 7 and 12 days. Additionally, the number of complaints has reduced.

xv. GRIDCO adopts new performance appraisal

Traditional CCR system was prevailing in GRIDCO as it was in OSEB. After formation of GRIDCO, it was realized that, this system is not an efficient instrument for helping people to grow and develop in the organizational setting. As CCR system failed to generate adequate feedback, GRIDCO decided to change over to self-appraisal system. In this system, the appraisee appraises his own performance over which the reporting officer gives his opinion. After this the reviewing officer reviews and gives his final views. The appraisal form also helps in identifying the training needs of the executives.

The Training and Development Wing conducted half-day training programmes at Bhubaneswar, Berhampur, Burla and Balasore to impart training on the new appraisal system during 1997 and 1998. The executives of all levels took part in the programme to make it successful. The new system is now prevailing in GRIDCO.

6. Privatization of the Distribution Function

A. Distribution Operations Agreement : initial experiment with BSES

As a first step towards privatizing distribution, GRIDCO entered into a management contract called the Distribution Operations Agreement with Bombay Suburban Electricity Supply company (BSES), a private sector company, to take over the power distribution in the Central Zone, which comprised Bhubaneswar (the capital of Orissa), Cuttack (the previous capital and currently a major commercial centre), and Dhenkanal distribution circles which effect from October 1, 1996. According to this arrangement, the private utility was responsible for distribution of energy, maintenance of the distribution system, and collection of electricity dues in the Central Zone. Though the agreement was for a period of three years from October 1996, GRIDCO cancelled the agreement in April 1997 as it claimed that the private utility had shown a negative incentive of Rs.28 crore over the 6-month period between October 96 and March 97.

It was later felt that the main reason for this development was inherent in certain contractual provisions in the distribution operations agreement. First, the private utility had to manage the distribution business with over 8000 employees and engineers over whom it had no administrative control. Second, the distribution operations agreement cast no contractually enforceable obligation on the private utility while GRIDCO was required to make payments to OSEB on a regular basis.

B. Formation of the 4 zones and the separate companies

After the failure of the management contract mode of private sector participation in distribution, the Government of Orissa approved GRIDCO's proposal to privatize its distribution by converting the four zones as separate distribution companies (DISTCO). Privatization was to be introduced in distribution by offering 51 per cent of the equity in these subsidiary companies to private investors. The investors were to be selected through international competitive bidding on the basis of their financial

and technical capability, track record, and commitment to the improvement of the electricity distribution system. Though the investors were to be given full managerial autonomy, they were required to honour the terms and conditions of employment of employees of the distribution companies. After privatization, GRIDCO would hold 39 per cent of the equity in the distribution companies, while 10 per cent of the shares were for the employees.

Ten OSEB distribution circles were reorganized into four zones namely Central, North Eastern, Western and Southern Zones. Each area consisted of two to three circles. They have been selected so that they are reasonably comparable regarding mixes of consumer load and other criteria.

After restructuring the zones were initially recognized as subsidiaries of GRIDCO and later converted into separate companies in March 1998 with four new Managing Directors (**27**) to engage in electricity distribution and retail business. The 4 new companies were WESCO, NESCO, SOUTHCO, and CESCO with a non-executive manpower of 5404, 4129, 4376, and 8125 respectively. Following the October 1998 with the amendment of Sec.23 (5) of the OER Act 1995 the state government notified a transfer scheme on November 25, 1998 transferring GRIDCO's distribution related assets, liabilities and employees.

The transfer of personnel from GRIDCO to the respective DISTCO were subject to a number of safeguards to ensure that the terms and conditions of service applicable to them after their transfer shall not be less favourable than or inferior to those applicable to them before their transfer and that they shall get full benefits of their previous service for all purposes including terminal benefits except pension. In the case of pension, the Pension Rules of government were amended in June 1996, giving the government employees the following options:

- Employees opting for absorption in government will be entitled to pension from government on the basis of their total services rendered under government plus OSEB / GRIDCO.
- Employees opting for absorption in GRIDCO and for pension from GRIDCO will similarly be entitled to count their total service for computation of pension.
- Employees who opt for government pension till the cut off date of 31.03.1997 and for absorption in GRIDCO thereafter, will be entitled to pension from government for the total period of service rendered (in government plus OSEB / GRIDCO) till 31.03.1997. His entitlement to a separate pension from GRIDCO for the service rendered in GRIDCO after 01.04.1997 will depend on his eligibility under GRIDCO'S Service Regulations.

The corpus for meeting GRIDCO's pension, gratuity and all other applicable terminal obligations to the personnel and the corpus of special funds like the Rehabilitation Trust Fund shall be apportioned among GRIDCO and the DISTCOs in proportion to the liabilities on this count and any shortfall in the funds transfer to DISTCOs shall be made good by GRIDCO on the basis of actuarial valuation made with reference to 31 March 1999.

Personnel already working in the Zones were assigned to DISTCOS on 'as is where is' basis. Some changes were allowed after fulfilling certain conditions specially for the common cadre employees from whom options were invited if they would like to change the place of work (28). Most of the employees got their choice. For the others (that is employees already in the different DISTCOs) if they wanted any transfer it was only done if suitable vacancy (in terms of number and appropriateness) existed without causing any disproportionate increase or decrease of manpower.

After due discussion, deliberation and diligence 51% share of WESCO, NESCO, and SOUTHCO was divested to BSES and 51% shares of CESCO to AES-Jyoti consortium on April 1, 1999 and September 1, 1999 respectively.

Employees shareholding in the privatized company

As per the transfer of agreement GRIDCO has agreed to transfer 10% of the ordinary share capital in each DISTCO to the Trustees of four new Trusts to be established for the benefit of the employees of the relevant DISTCO. The purpose of each Trust will be to promote the welfare of the employees of the relevant DISTCO.

There will be a minimum of 6 and a maximum of 12 Trustees who will be appointed in equal proportions by GRIDCO, the relevant DISTCO and the employees of the relevant DISTCO. Each union or association of employees recognized in the relevant DISTCO will be entitled to designate 2 employees of the DISTCO as their nominees for consideration for appointment as Trustees of the Trust. For so long as the Trust holds at least 10% of the share capital of the relevant DISTCO, the Trustees shall be entitled to appoint one non-executive director of the DISTCO. Whether the Trust should retain the right to appoint a director if its shareholding falls below 10% will be a matter to be agreed by GRIDCO and DISTCO at the relevant time. The trusts are still not functioning due to the inability of the unions to choose their representatives.

Pension in the DISTCO (under private companies)

Pension remained an important topic for the employees even after the privatization of the distribution subsidiaries. Since the matter is still very fluid and the retired employees need to be paid pension, it has been decided that after retirement the employee applies to the Provident Fund Commissioner for their PF amount. Out of the total amount they return the employer's share to get the pension which is about 50% of their last drawn pay (Basic and DA). Thus as a terminal benefit they get pension, employee's share of the PF and gratuity as per government rules. If they are not interested in the pension then they can retain the entire amount of PF and gratuity as per government rules. As of now GRIDCO pays the pension amount and debits the newly privatized companies. This system is satisfactorily continuing till a new framework is evolved.

CESCO under AES

CESCO was taken over on September 1, 1999 by AES. Although consisting of the lucrative areas of Bhubaneswar, Cuttak and Dhenkanal the manpower of CESCO was the largest among the four different distribution companies As on September 1,

1999 CESCO had 8526 employees (479 executives, 1342 office staff and 6705 field workers) (29)

Impact on human resources

The process of structural reforms in the power sector culminated with the privatization of GRIDCO's distribution business. Unlike the corporatization of OSEB into GRIDCO / OHPC, with the take over of CESCO by AES (30) the employees were within the ambit of private management.

Even a casual visit to the CESCO office at Bhubaneswar would reveal the difference in the style of management under a private company. The overall effect, as one goes around the office premises and from interacting with the employees (including the Managing Director) one gets a feeling of activity. Unlike the atmosphere that prevails in the GRIDCO office (although there has been considerable improvement) in CESCO one gets engrossed in action. Thus the main impact on human resource appears to be more qualitative.(31) The employees have been, after privatization, pushed into developing a business like attitude in a competitive world. As the MD says " everyone seems to think this to be a charitable organization. I want to change it" (32)

Strategies adopted by the company

Various strategies adopted to bring about this transformation are:

- i. Training programmes
- ii. Development of a new Revenue Improvement cadre
- iii. Periodic meetings

Training programmes

Orientation training programmes although started recently have already covered about 100 employees. It is primarily for technical purposes. It is a one-day programme held twice a week and covers techno-economic issues with a customer focus. The faculty are all internal.

In power sector safety is an important area. Earlier not much attention was given to this area. AES management has not only initiated a safety committee but also started a safety programme so that all employees (specially those who are working on the field) can perform their jobs with all safety precautions. This is a 5 days programme. While safety occupies the center stage some amount of input is given about business orientation and attitude change. The faculty is internal.

Development of Revenue Improvement cadre

In order to improve the functioning of the organization (specially in areas like revenue improvement) a new cadre called the Revenue Improvement cadre is being developed. As of now about 25 people have been taken in this cadre. Hierarchically there are only three layers in that cadre, Team Members, Team Leaders and Group Leaders. The intake of this cadre can be from internal or the external environment. The precondition of the internal candidates is that if selected then they have to resign

and rejoin the new group of Revenue Improvement cadre. It is a contractual service. Their performance is measured with reference to the financial viability and development of the division to which they belong. Being newly constituted this cadre is yet to take proper shape and very little can be said **(33)** about its usefulness in the entire organization and their acceptance to other employees has been problematic.

Periodic meetings

In order to keep all the employees abreast of the happenings in the organization periodic meetings are held both at the divisional level and at the head office. In the division the meetings are held every Saturday while at the head office it is monthly. Employees from diverse departments and levels participate in these meetings and the main discussion revolves around a thorough status review of the revenue collection, business development and its implications on other areas.

Early voluntary retirement schemes

The company does acknowledge that there is some amount of surplus labour but since retrenchment is a very sensitive issue and is also difficult under the present legal structure, reduction of manpower is possible only through some voluntary measures like Early Voluntary Retirement Schemes etc. Similar schemes have been successfully implemented in GRIDCO and it could also be framed for CESCO. However at present the company is unable to garner the requisite finances to introduce such schemes although the management does realize the need for it.

Salary and benefits

As per the transfer guidelines of 1998 changes in Salary and benefits could only be made for the better. However the only new addition was the introduction of the Revenue Improvement cadre where the incumbent's salary and designation does not follow any existing grade pattern but is fixed as per their competence rather than seniority and age.

Improvements

Management claims that there have been improvements in the performance although they admit that "there has not been much improvement in the distribution loss which still hovers around 46%" **(34)**. The revenue collection has increased although the improvement in the quality of service has not been that significant. Attitudinal reorientation of the employees has been significant as they are now tuned to the idea that companies dealing with electricity are not a charitable organization. As a senior official of the company elaborates **(35)**

"We are now threatening to disconnect electricity even to municipalities, hospitals etc. if payment is not received. This was unthinkable in the past".

HR management in AES and BSES: A brief comparison

BSES and AES took over the reins of the erstwhile DISTCOs belonging to GRIDCO on April 1, 1999 and September 1, 1999 respectively. Comparatively the manpower surplus is more in CESCO than in the other remaining DISTCOs.

While in CESCO apparently there is no specific HR department, in the DISTCOs under BSES there are specific people (even at senior level) to look after HR matters. Some of the staff in the HR department in BSES was earlier employees of GRIDCO HR department. The HR systems introduced in BSES are very similar to that which exists in GRIDCO.

Being an Indian company BSES management is well aware of the local mindset, which does not seem to apply for AES. This acts both ways. While the understanding of local human sentiments and its idiosyncrasies provides with a practical base for human resource management, occasionally BSES gets caught in the whirlpool of events influenced by the local environment. On the other hand AES (as indicated earlier) is consistently trying to enculturate the organization with a different outlook. In this process and in addition to other processes, for example, they are even bringing in non-Indian nationals to work side by side with the locals. This is definitely a laudable determined effort towards moulding the mindset, but unless carefully introduced it might create an unnecessary dissonance. But overall as interactions indicate AES appears to be a more vibrant company than BSES.

As perceived by others

The major criticism of CESCO so far as human resources is concerned is the apparent sidelining of the senior employees in the organizations due to the new cadre formation. As some leaders of the employees union explained **(36)**

“ Many juniors who have been taken in as team members / leaders have been given more responsibility of looking after a division. They neither have the seniority nor the experience to do the job. In this manner not only the hierarchy is not maintained but future promotion opportunities are also blocked. In the process the existing senior employees are not given any work and are made to feel redundant”

The recruitment in this cadre has drawn flak from the unions and associations for the manner in which they are recruited, utilised and also for the parallel hierarchy which is being built. In this context a reference may be made to similar processes being followed in another company (i.e. WESCO) being managed by BSES **(37)**

It is also alleged that although no retrenchment has been done due to privatization, under the pretext of disciplinary action some have been removed from employment. While no one can complain against the disciplinary measures the perception among many union official is that the actions were taken unethically and on flimsy ground.

Another general criticism is that these private companies, not only “owe huge sums to their parent GRIDCO towards electricity tax” **(38)** but are also not sufficiently investing as promised. As the power minister declared **(39)**

“ The power distribution companies in the state viz. NESCO, CESCO, WESCO and SOUTHCO have not spent a single pie for the development of infrastructure, though as per norms of the power reforms agreement, they agreed to invest money for the purpose. They are totally relying on government assistance. Hence, they have been cautioned that if they do not arrange their own funds, no grants would be given to them”

Six years have elapsed after the promulgation of the OER Act 1995 and the erstwhile OSEB has been dismantled into GRIDCO / OHPC. While the transmission and generation activities are still with GRIDCO and OHPC respectively the distribution has been divested under private management.

The employees who were under the aegis of the government are now under private management. The change has impacted the organization and the employees in many ways and measures have been taken to smoothen the process. Comparatively the turbulence due to corporatization of OSEB to GRIDCO had been more than the privatization of the distribution companies of GRIDCO. Probably it was the initial shock of coming out of the security of the government to the competitive world that caused the dissonance or probably the employees now have realized that privatization is inevitable and so tries to make the best out of it. Whichever it is, as a pioneer state Orissa has shown the way that reforms in the power sector is very much possible.

7. Learning from the case study

In keeping with the policies of economic reform, many states took measures to attract private investment and improve the financial performance of the SEBs. Orissa was the first state in India to implement a power sector reform programme.

Privatization involves complex social and labour issues. The crux of the problem is the difficulty of the affected employees to accept that there is a necessity for undergoing change and even making sacrifices, either for the survival of an organization or for the greater good. In privatization workers face a great risk of being marginalized either because of worsening employment conditions or by being made redundant and having to accept more vulnerable employment conditions in other enterprises or no job at all. Thus privatization can be very difficult unless special measures are implemented to cushion the negative impact on employment

The Orissa power sector reform programme was a pioneering effort in India and there were hardly any guidelines to follow, either for the organization or for the employees and their collectives. This is important since the constraints under which power utilities operate in India are very much different from other countries. For example utilities undergoing restructuring in India are not free to reduce the manpower as in developed countries. Reduction in manpower following reform may not be politically acceptable in a country like India. Thus one has to maintain a judicious balance between the gains of the organization from the reforms and the ensuing hardships that might be the result of it.

From the case details mentioned above the significant learnings are:

1. Political will and support
2. Creating a legal structure conducive to privatization
3. Managerial conviction to carry through the reform process
4. Some cushioning effect to the pains and uncertainties of privatization
5. Terminal benefits and social security
6. Extensive training for skill upgradation and changing mindset

Needless to mention the above lessons are interlinked and in an organizational setting they influence each other.

1. Political will and support

It does not need much debate to conclude that without the influence and guidance of the political leadership in Orissa, Power Sector Reforms would not have been successful. Irrespective of their political affiliation the chief ministers of Orissa from the initial stages till date have been providing support to the privatization process. As the case details indicate the manner in which they “handled” the agitations, the precise rebuttals they made while discussing with employees’ unions / associations that the political leadership was clear about what they wanted to achieve. At every stage the leaders made it clear that the process was inevitable it is only to determine how and in what manner the transition can be made smooth. Even after six years of the reform process when the benefits are yet to come and there is a restive mood prevailing in the state the political leadership categorically states “reforms introduced in the power sector cannot be revoked at this stage the resulting difficulties can (only) be sorted out through the appointment of a high level expert committee” (Dharitri April 8, 2001).

2. Creating a legal structure conducive to privatization

Support in mere words and no action ever produces the intended results. This would have been the case in Orissa had not the political vision got translated into creation, formulation and the implementation of the legal structure, the Orissa Electricity Reform Act 1995. With quick succession and at appropriate moments various statutes and rules along with parliamentary support were implemented. Without the legal backing of the statutes the Orissa Power Sector Reforms would probably have come to a grinding halt.

Similar to the corporatization process of OSEB into GRIDCO/OHPC by the OER Act 1995, the Talcher Thermal Power Station was sold to NTPC by the Talcher Thermal Power Station (Acquisition and Transfer) Act, 1994. Comparing the section(s) relating to transfer of personnel in both the Acts, it is evident that the formulation in the TTPS Act does not provide much scope for grievances. This is mainly because in the TTPS Act 1994 it is clearly mentioned the the comparison of conditions of service of an employee before and after transfer would be looked in totality (the exact words used are “as a package”) and not one to one. On the contrary (without undermining the importance of the issues) the OER Act 1995 in the absence of a holistic approach provided scope for employee to raise issues. Thus enactments would be more helpful if the transfer of personnel is looked in an aggregate manner, since otherwise it is vulnerable to criticisms.

In addition, the other judicial and quasi-judicial processes also gave support at the right moment. This State Administrative Tribunals (by rejecting the engineers’ petition against joining GRIDCO / OHPC) and later the Supreme Court’s decision (by not rejecting the process of transferring the engineers from government service to GRIDCO) did not create much obstacles in the path of the reform process.

3. Managerial conviction to carry through the reform process

The support in the macro environment can deliver goods only when the implementers are also convinced of the privatization philosophy. In Orissa the entire restructuring process while being implemented was done with full conviction of the managerial leadership in the organizations being privatized. In OSEB and later in GRIDCO the management specially the Chairman did not waver from the privatization path. In order to bolster reform process professionals were also inducted at various levels.

4. Some cushioning effect to the pains and uncertainties of privatization

No matter how much inevitable it is, any change is painful since it disturbs the status quo, more so when the present is a monolithic structure steeped with a labyrinth of rules and regulations. Therefore, quite naturally the reform process in the power sector caused a dissonance amongst the employees (on deputation or otherwise) of the erstwhile OSEB. In order to smoothen the disturbances and to depict that reforms are not all that bad various measures were taken by the management and statutorily.

- a. The statutes and the rules of GRIDCO clearly mention that the transfer of personnel will be done keeping in mind that
 - i. Terms and conditions of service shall not in any way of less favourable.
 - ii. There shall be continuity of service and services rendered even after absorption shall be taken into account in all respects.
 - iii. Transfer and absorption shall be given effect before the new entity employ other persons in the post/functions relevant for officers and there shall be no retrenchment on this account.
- b. Major improvement in the terms and conditions of service for both executives and non-executives through the salary revision and fitment in 1997 and wage revision in October 1997. As the details show not only the improvement was substantial but also done after a long time.
- c. The regularization of the NMRs showed a positive approach of the management. The employees felt that all their hard work as temporary workers had paid off.

To the critique timing of the wage settlement and salary revision and the regularization of the temporary workers may appear to be a “carrot” to push through the reforms, but looking at it positively it is advisable to provide a “carrot” in the short-term if by this we can achieve a transformation in the mindset of the employees for the greater good of the society.

5. Terminal benefits and social security

In the absence of any social security in India for the employees, terminal benefits after retirement assumes importance. The terminal benefits, which are usually given

to the employees, are employees share of Provident Fund, Gratuity and Pension. Among the three the first two are one time payment while the last (i.e. pension) is a life long annuity not only to the employee but also to his / her spouse and children (if eligible). Thus the nature of pension as a terminal benefit makes it very attractive since it acts as a social security against future unemployed days. It was therefore natural that the employees during the reform process went to great lengths to show their displeasure since they felt that by privatization they would probably be without any security cover. Even today the employees and their representatives interviewed, categorically mentions the uncertainty over the pension, which had considerably shaken the employees during the reform process. With the continuation of the pension benefits the employees felt assured that they will not be in dire straits.

At this juncture an interesting point of observation can be made with regards to pension and the young employees (specially professionals). In its present form in India while pension becomes an attractive social security it also ties the employee to an organization since an employees pension amount depends upon his/her length of stay in the company. This quite often is not attractive to young employees who would like to rise up the career ladder the opportunity for which may not always be available in the same organization. In such cases they would more readily prefer to have the accumulated funds (e.g. provident fund etc) and move on. Probably in GRIDCO some such schemes would have given more returns to the organization specially when it is trying to recruit professionals.

6. Extensive training for skill upgradation and changing mindset

The primary objective of privatization especially in the power sector is to serve the customer. In order to fulfill this objective it is essential that the employees (both executives and non-executives) who are ultimately responsible for service should be made capable of doing so. Thus not only should employees be technically capable but also psychologically adaptable to the needs of the emerging scenario. It was necessary to bring about a transformation in their mindset. The employees recruited and nurtured in the monolithic structure of OSEB characterized by complacency and unaccountability had to be changed into business oriented customer focused personnel. Keeping this in mind employee training was taken up extensively to upgrade their skill level and reorient them and also to build self-sustaining training centres. This has helped in balancing the skill shortages and reorienting the organizational culture. In CESCO after AES had taken over intensive training cum meetings are held to disseminate information to the employees and to gear them towards a new cultural outlook.

7. Strengthening the EVR Scheme

It is interesting to note that the EVR Scheme was attractive to the employees. As indicated it was the lack of funds, which did not allow GRIDCO to extend the facility to many more. Needless to say the terminal benefits, which was given to the employees quitting under the EVR Scheme, also helped the employees to decide in favour of leaving the organization. Probably some financial support to the scheme would have allowed GRIDCO to become more "lean and thin"

Probably this is one area where organizations can think of proactively. Thus if an employee could be counselled and trained to look for alternative employment

elsewhere or for self-employment, human redundancy would not be so frightening. By this the organizations would attack the very root for dissonance due to human redundancy. This may be a difficult proposition for the aged employees but a sustained effort by the organization on the long run is bound to create a different environment more favourable to change and restructurization.

In addition a professional approach is needed to manage an EVR scheme effectively. The manner in which GRIDCO implemented its EVR scheme appeared to be rudimentary since it just floated the scheme without making any conscious effort to make it successful. Probably it was a manifestation of inexperience or a general disliking for any human separation. One might indicate that lack of funds in GRIDCO did not allow more people to avail of the EVR scheme. While to some extent this may be true, but even with sufficient resources an EVR scheme needs to be “managed” keeping in mind the basic tenets of product management and project management. Without which any EVR scheme will not yield the optimum result.

The effect of the reform process on human resources has not been that extensive as in many other organizations. Human redundancy has taken place but has been managed by redeployment and retraining. Whatever shedding of labour has been, was adjusted through usual attrition and the EVR Scheme. Moreover for the existing employees the terms and conditions of service had not deteriorated. On the contrary it improved (although they got what was long overdue).

It also highlights that human resources can be better managed even under the current cumbersome legal structure provided there is a political will and less political interference. Political will is needed not only to enact supportive legislations but also to decide in favour of a “hands off” attitude towards reforms. In the past SEBs were being used as instruments to further the state’s (ruling government’s) interest. Apart from interfering in organizational matters political interference also manifested through unions / associations, which had close linkage with political parties. Orissa power sector reforms clearly indicate that to make the process a success the state needs to be convinced so that it allows the process to proceed unshackled.

Providing support to reduce the pain and uncertainties of an emerging situation is a necessity. This cannot be done in a haphazard manner and benefits should not be provided on a piece meal basis. Probably being a pioneering state in Orissa the management’s inexperience did not take this into account. The management could have tried to anticipate and understand what could be the expectations of the workers when faced with the reforms process and then attempted at fulfilling in totality. However considering the enormity of the task in the end the management did achieve much success

The above data also brings out quite strongly the importance of social security system in India. In the age where one time payments (through savings) like PF, Gratuity etc does not guarantee a decent life to an unemployed employee, some system of long term periodic assistance would go a long way to ease the burden, both physically and psychologically. It is time that the government, employers and other agencies put some serious thought to it.

REFERENCE

- (1) GRIDCO Annual Administration Report, 1996-97, p.55
- (2) Comparison of Performance of Electricity Boards and Electricity Boards and Electricity Payments, Planning Commission, Government of India, 1994
- (3) There are two types of power losses during transmission and distribution: technical and non-technical losses. Technical loss is the energy lost in the wires and equipment in a distribution system for technical reasons like resistance. Non-technical loss or commercial loss occurs due to theft, non-metering or defective metering of consumers, and inefficient billing and revenue collection systems
- (4) Annual Administrative Report of GRIDCO, 1996-97, p.20
- (5) Taken from the note by Principal Secretary, Department of Energy dated April 4, 1996 on "Orissa Power Sector Restructuring Project: Power Sector Development Policy of the Government of Orissa," to the Director, South Asia Country Department, World Bank
- (6) In 1995 the working group on HRD did come out with a study indicating a surplus of about 40%, but the reform managers found that (i) the criteria used for manpower planning calculations were unrealistic for a country like India, where fully automated systems were uncommon, and (ii) such high figures if disclosed would act to the contrary to the reforms process. The 1995 study while highlighting overstaffing also "cautioned that their report presented the worst case scenario and should not be made the basis for any staff reduction exercise" (Note to the Director HR, GRIDCO, page 3). Subsequently another study was done in 1996 using a different approach (see page 15). The 1995 study came out with a surplus manpower of 9% approximately. As of now GRIDCO has frozen a target of 4925 employees (3642-workmen and 1283-officers) for 2003.
- (7) SAR of World Bank, April 1996
- (8) Interview
- (9) However it must be mentioned that in their press briefings and announcements the government and the management of OSEB/GRIDCO did mention that there will be no retrenchment due to the reform process.
- (10) The political leadership during the reform process belonged to three different political parties. While the initial two political parties displayed unflinching support recently the leadership due to political compulsion is not opposing the reform process. However recently the power minister has categorically stated, "Reforms introduced in the power sector cannot be revoked at this stage". (Dharitri, April 8, 2001)

REFERENCE (contd.)

- (11) Interview
- (12) Record notes of discussion held in the Assembly Office of Honorable Chief Minister of Orissa at 12:30 on 12-03-97 with the representatives of Federations / Associations of workers / engineers of GRIDCO
- (13) Same as above
- (14) People in the technical unskilled grade were mainly those recruited from the NMR category who had been engaged under the Rehabilitation Assistance Scheme (Annual Administrative Report 1996-97). Not much data is available, but at the time of regularisation on an average they were 40-45 years of age having about 10-14 years of experience and earning about Rs. 30/- per day.
- (15) Interview
- (16) Wage settlement of employees / workers of GRIDCO, October 29, 1997
- (17) Interview
- (18) The main concern of the executives was more related to non-financial benefits. As a government employee they enjoyed considerable protection as "public servants", the terms and conditions of employment of which are set out in the Orissa service code, the classification control rules, and the government servants conduct rules. Under the above, employees (specially the officers cadre) enjoy tremendous security of job so much so that one cannot file a writ petition without permission from the government.

As regards the financial benefits are concerned the officers' main apprehension was the possibility of a reduction in the pension amount
- (19) Memorandum of finalisation of personal policy and service conditions for the executives of GRIDCO dated October 29, 1996
- (20) Interview
- (21) Interview
- (22) GRIDCO Corporate HR circular number 2/97 dated August 25, 1997
- (23) Same as above
- (24) Annual Administrative Report of OSEB, 1995-96, p.34
- (25) Letter by the principal secretary GOO dated April 4, 1996
- (26) Interview

REFERENCE (continued)

- (27) The GRIDCO Newsletter, March 1998
- (28) The common cadre personnel (who are not related to any specific distribution zone) who are aggrieved by their transfer may submit representations to a committee appointed by GRIDCO. The committee will scrutinize these representations and make their recommendations to GRIDCO based on the criteria of relatedness, suitability, place of work, etc. A final decision on these representations will be taken thereafter by GRIDCO. Any changes made accordingly in the transfer of personnel will have retrospective effect from the appointed date.
- (29) CESCO papers
- (30) AES is not new to the power sector in the state of Orissa. They already have 49 per cent shareholding in OPGC. Although not a major shareholder in OPGC, the day-to-day management is in the hands of AES.
- (31) Quantitatively nothing much could be done since as per the OER Act 1995 the terms and conditions shall not be inferior to that enjoyed by the employees
- (32) Interview
- (33) Interactions indicate that to a large extent many aspects of this Revenue Improvement Cadre has been kept confidential even to some senior employees of the organization
- (34) Interview
- (35) Interview
- (36) Interview
- (37) As "Dharitri" a daily newspaper reports (April 14,2001) BSES, which manages WESCO, has been set to be carrying out some monopolistic activities in the company. It is alleged that some officials of BSES first appoint their aides in BSES and later regularize their posts at WESCO. This has sparked of discontentment in the WESCO employees' union and among the local youth. Union members say that while WESCO has a registered office at Burla the backdoor appointments are made from BSES's Bhubaneswar Office.

Similarly, though it functions in Orissa BSES never gives recruitment ads in Oriya newspapers. Sources reveal that the company authorities, in order to induct their associates into the company had published an ad for an interview

REFERENCE (continued)

held in Bhubaneswar only in an English daily. For this many deserving candidates were ignored by BSES.

(38) Dharitri April 5, 2001

(39) Dharitri April 5, 2001

Appendix - 1

Chronology of important events in the reform program

<i>Period</i>	<i>Event</i>
1992	Government of Orissa, OSEB and the World Bank discuss the issues and a variety of possible solutions to Orissa's fundamental problems.
October 1993	Government of India convenes with World Bank support a high level conference in Jaipur to discuss power sector reforms. Chief minister of Orissa conveys the Government of Orissa's commitment to power sector reform to the World Bank.
April 1994	Orissa's Council of Ministers formally approve the reform program.
January 1995	Appointment of the Boards of Directors of GRIDCO and OHPC. Strategic planning workshop on institutional strengthening of GRIDCO held for senior and top executives of OSEB
February 1995	Department for International Development, Government of UK provides an initial assistance of £12 million towards technical assistance. Invitation issued to those private companies who have shown interest in Distribution Operations Agreement.
March 1995	Change in government after the elections and the new government endorses the reform program.
May 1995	Appointment of shadow regulators for the proposed regulatory commission. Series of one-day workshops held for different categories of employees and executives at Bhubaneswar, Berhampur and Sambalpur. Technical training program for non-executives of OSEB starts. Four day workshops held with four federations informing them about the reform program.

June 1995	Transfer of Talcher TPS of OSEB to N T P Corp.
October 1995	Bombay Suburban Electricity Supply Company selected to manage the distribution in the Central zone and further negotiations are being conducted.
November 1995	<p>The State Assembly passes the Orissa Electricity Reform Act, 1995.</p> <p>Selection of three full time directors for the departments of HRD, Commerce and Finance for GRIDCO from open market and which are under consideration of State Government.</p> <p>Appointment of Company Secretaries of OHPC and GRIDCO from open market.</p> <p>Price Warehouse conducts about 30 workshops for 900 employees of GRIDCO and OHPC to make them aware of the change that is taking place.</p> <p>Formulation of a media campaign plan.</p> <p>Ministry of House Affairs, Government of India provides advance clearance of the reform legislation.</p>
January 1996	<p>President of India assents to the Orissa Electricity Reform Bill.</p> <p>Notification of the Orissa Electricity Reform act in the Official Gazette.</p> <p>Cadre transfer process begins.</p>
March 1996	Signing of the Corporatisation agreements by the Government of Orissa with the two new utilities. GRIDCO and OHPC.
April 1996	<p>The Orissa Electricity Reform Act becomes effective.</p> <p>Transfer of assets to OHPC and GRIDCO enabling them to function as full fledged utilities.</p> <p>Staff transfer orders issued on an as-is-where-is basis, under existing personnel policies.</p>
May 1996	Approval of £75 million sector aid package for technical assistance and capital aid by Department for International Development Government of UK.

September 1996	<p>Transfer of power distribution in Central Zone to Bombay Suburban Electricity Supply Company under a Distribution Operations Agreement.</p> <p>Appointment of professionally qualified staff through external recruitment for finance and information technology department begins.</p> <p>GRIDCO management training centre starts functioning.</p>
December 1996	Letter sent to all cadres who were on deputation to OSEB for their preferences for permanent absorption in GRIDCO or OHPC.
December 1996	A public awareness campaign for reform program starts.
January 1997	Director of Human Resources joins GRIDCO.
March 1997	<p>Finalization of GRIDCO's and OHPC's staff cadres.</p> <p>Issue of a permanent license to GRIDCO by OERC after the expiry of the temporary license issued by the State Government in April 1996.</p>
April 1997	Termination of the Distribution Operations Agreement for /central zone with Bombay Suburban Electricity Supply Company.
April 1997	<p>Four distribution zones set up as separate distribution.</p> <p>Newly appointed Chief General Manager (Personnel) joins GRIDCO.</p>
May 1997	<p>Cadre transfer process completed.</p> <p>Appointment of Senior General Manager for the newly formed Information Technology department.</p>
August 1997	GRIDCO introduces Early Voluntary Retirement Scheme for its employees.
October 1997	M. Y. Rao retires as Chairman and Managing Director of GRIDCO and is retained in the role of Head of GRIDCO privatization cell and also as a non-executive director.
November 1997	B. C. Jena, Director of Transmission & Distribution, takes over as Chairman and Managing Director of GRIDCO.

November 1997	<p>Chief Minister launches the distribution privatization process by announcing it in a press conference. He accelerates the implementation of reform program and reinforces its decision to privatize distribution and retail supply.</p> <p>Advertisements published locally, nationally, and internationally inviting private sector to participate in distribution privatization in Orissa.</p>
March 1998	<p>Appointment of 4 new Managing Directors for the distribution subsidiaries of GRIDCO.</p> <p>Pre bid conference held at Bhubaneswar for privatization of distribution.</p>
November 1998	<p>Notification in the gazette giving effect to the transfer of distribution undertaking of GRIDCO to the individual distribution companies.</p>
January 1999	<p>Short listed firms for privatisation of distribution submit their bids.</p>
March 1999	<p>Preferred bidders announced for various distribution zones.</p>
April 1999	<p>WESCO, NESCO and SOUTHCO begin operations under private sector management.</p>
September 1999	<p>CESCO begin operations under private sector management.</p>

Appendix – 2

The Pension Scheme – A brief note

Broadly the types of employees in OSEB were :

- i. Engineers recruited by the government and on deputation to OSEB
- ii. Employees not on deputation

The first category was covered under the government Pension scheme while in 1990 OSEB introduced a pension scheme for the rest. The same scheme has been adopted for GRIDCO also. The main features of this scheme were:

- a) One is eligible for pension after 10 years of service.
- b) The pension will be calculated @ 50% of last drawn salary provided he/she has completed 33 years of service. If not then pro rata basis i.e. 50% would be reduced accordingly.
- c) It is a life long annuity. If dead then nominee gets it. Nominee also includes children below 18 years of age.
- d) Pension amount increases with a rise in the DA rate.
- e) If any pay revision takes place pension is revised accordingly.
- f) If needed employee could commute pension amount at the time of retirement. The commuted amount, equivalent to about 1/3 of the pension is added to the gratuity amount. So at retirement employee gets 2/3 pension and the increased gratuity. After 12 years the 2/3 pension becomes same as the original amount, which the employee was supposed to get at the time of superannuation.

Thus an employee at the time of retirement is eligible to get pension, gratuity and encashment of unutilized leave. Because of the nature of formulation of the Pension Scheme OSEB asked and received exemption from the Provident Fund Act 1952 and the Gratuity Act 1972.

The Pension Trust Fund consists of the employers and employees share deducted under Provident Fund. In spite of the exemption from the PF Act the money already deducted for the PF is yet to be refunded and therefore the erstwhile government employees who are retiring from GRIDCO are getting their pension for the service period under government. With the formation of the DISTCOs, the Pension Trust Fund is to be divided between GRIDCO and the DISTCOs and it is to be managed jointly by Trustees taken from management and the employees. Already Rs 70 crores (approximately) has been transferred to the newly created Trust Funds in the DISTCOs. However proper functioning has not yet started due to the inability of the unions/associations to elect the employees' representatives. As of now employees retiring from DISTCOs get their pension from GRIDCO which is debited to the DISTCOs.

Appendix – 2 (continued)

The pension controversy and other legal challenges

Main reason of discontent was the apprehension of uncertainty and insecurity in the future i.e. in the new organization of GRIDCO/OHPC. This unfortunately was more from executives of the organization than the workers. The anxiety of insecurity manifested in broadly two ways (i) litigation regarding the status, and (ii) in determining the quantum of the pension amount and the source of pension of an executive.

A large number of officers employed in OSEB were on deputation from government. So they were basically government employees, which gave them a status of public servant. As a government employee they were entitled to pension under the government pension scheme. When OSEB was unbundled into GRIDCO and OHPC the officers were transferred to GRIDCO and OHPC respectively. The officers demanded either they be reverted back to the government or treated still to be on deputation in the new company (GRIDCO). The reason being the uncertainty associated with the new company.

With the refusal to entertain the demands, Orissa Electrical Engineers Service Association filed an application in the Orissa Administrative Tribunal in 1996 stating that this transfer of their members will lead to loss of “status as civil servants... varying their service conditions adversely” (judgement of supreme court Civil appeal No 8974 of 1997, page 44). When the state administrative tribunal held the transfer to be reasonable the engineers association filed a civil suite in the Supreme Court stating that the state government was forcibly transferring personnel without giving them an option. Moreover the state government had failed to ascertain the willingness of the engineers. The Supreme Court took cognizance of the contention of ascertaining the willingness of the engineers and directed “the state government to consider willingness of the electrical engineers to revert to state service or to get permanently absorbed in GRIDCO or OHPC afresh “before January 15, 1998. The state government did consider afresh the question of willingness and also intimated the engineers that although they had been taken as state government employees their jobs were only in OSEB and the government did not have any vacancy for them. So if they would like to revert to the government service they would be reverted back subject to the condition of existing vacancies. After discussion and deliberation very few of the erstwhile OSEB engineers have reverted back to the state government. Majority stayed back in GRIDCO/OHPC as the case may be. With effect from 1/4/97 all employees have been absorbed in GRIDCO except 82 officers who have been reverted to government on 7/9/98.

The court cases did not have much effect since the supreme court upheld the transfer of personnel to GRIDCO modifying to the extent that they should be given one more chance to exercise their option of choosing which place to join.

The discontent of pension mainly relates to the government employees on deputation to OSEB. While for OSEB employees since the OER Act 1995 extends the benefits even to GRIDCO (after its formation) the service period for calculation of pension is the total period of service in OSEB and GRIDCO. However for government officers on deputation to OSEB the period of service cannot be taken

totally since they have been absorbed in the new organization i.e. GRIDCO from 1.4.1997. Thus the erstwhile government executives if opts to join GRIDCO then pension for his period of service prior to 1.4.1997 will be calculated as per the government scheme under which he was earlier covered, and in GRIDCO in order to get pension he has to be eligible under the GRIDCO pension scheme i.e. he has to complete 10 years of service to become eligible. Thus if an executive who was a government employee completes 10 years or more in GRIDCO then his pension will be calculated separately for the period before 1.4.1997 i.e. under government and after 1.4.1997 i.e. under GRIDCO. However if the executive who has opted to join GRIDCO on 1.4.1997 has less than 10 years of service in GRIDCO then he will only get pension on the basis of his government service and not for that in GRIDCO, since as per rule he is not eligible for it.

Appendix - 3

List of people interviewed

Sl. No.	Name	Designation	Organization
1	M Y Rao	Advisor	PWC
2	B C Jena	Ex CMD	GRIDCO
3	H S Misra	Ex Director (HRD)	GRIDCO
4	P C Panda	Director (HRD)	GRIDCO
5	U K Panda	Company Secretary	GRIDCO
6	Ms. S Behera	Dy. Manager (IR)	GRIDCO
7	P K Mahapatro	Dy. Manager (HR)	GRIDCO
8	R C Pattanayak	CGM (Training)	GRIDCO
9	C S Pradhan	Dy. Manager (HRD)	GRIDCO
10	Dr. V Raju	Jr. Manager (PR)	GRIDCO
11	N C Mahapatro	Dy. Labour Commissioner (Ex HRD & IRO, GRIDCO)	Government of Orissa
12	R C Satpathy	General Secretary	OSEB Shramika Mahasangha
13	Yduhistir Nayak	Dy. General Secretary	OSEB Shramika Mahasangha
14	B P Basumallik	President	Orissa State Electricity Corp. Engineers' Assoc.
15	A K Mohapatra	Director (HRD)	OHPC
16	S Rath	General Secretary	OHPC Officers' Association
17	K M Panigrahi	Dy. General Manager (Elect) (Also member)	OHPC Engineers' Association
18	Charles Lenzi	Managing Director	CESCO
19	R C Pattnayak	Team Leader	CESCO

Table – 1**Performance of OSEB and the national average**

		1990-91	1991-92	1992-93	1994-94	1994-95
PLF of thermal plants (%)	OSEB	33.90	30.00	34.50	35.50	29.00
	Other SEB	51.30	50.60	54.10	56.60	55.00
	All India average	53.90	55.30	57.10	61.00	60.00
Average tariff (Ps / kwh)	OSEB	78.00	76.50	102.00	126.60	142.00
	All India average	81.52	86.14	105.40	119.30	129.3
T&D loss (%)	OSEB	23.96	23.92	23.71	23.51	23.40
	All India average	21.40	21.4	20.40	20.00	19.80

Source: Tanon Management Service
OSEB Administration Reports
CEA

Table - 2

Manpower position in OSEB / GRIDCO as on 31-03-96

Sl.	Category	Number	
1	Gazetted non-technical post (excluding TTPS)	167	
2	Gazetted technical post (excluding TTPS)	1591	
	Sub-Total		1758
	Non- Gazetted		
3	Supervisory	979	
4	Highly skilled	975	
5	Skilled	10513	
6	Semi-skilled	946	
7	Unskilled	16483	
	Sub-Total		29896
	Total		31654

The Non- Gazetted figures include junior engineers, junior manager (finance) and personnel assistants excluding other gazetted officers of OSEB / GRIDCO.

Source: OSEB Annual Administration Report, 1995-96, p.34

Table – 3a

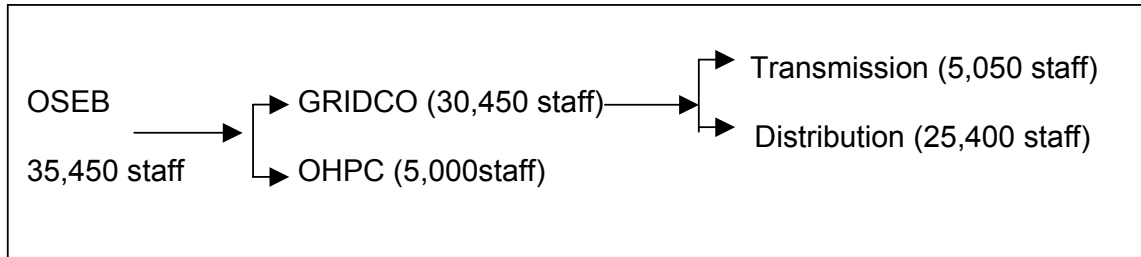
Zonalisation of Distribution Circles

Zone	Consisting of
Southern Zone	Jeypore and Berhampur Circles
Central Zone	Dehkanal, Bhubaneswar and Cuttack Circle
North East Zone	Jaipur Road, Balasore Circles
Western Zone	Rourkela, Burla, Bolangir Circles

Source: GRIDCO

Table – 3b

Transfer of Personnel



Effective Dates of Privatization of Distribution Business of GRIDCO

SOUTHCO, WESCO, NESCO	As wholly owned subsidiary of GRIDCO with effect from November 26, 1998 Handed over to BSES by disinvestments of 51% shares with effect from April 1, 1999
CESCO	As wholly owned subsidiary of GRIDCO with effect from November 26, 1998 Handed over to AES by disinvestments of 51% shares with effect from September 1, 1999

Table - 4

MANPOWER STATUS IN DIFFERENT YEARS

			GRIDCO		
	1996	1997	1998	1999	2000
Executives	1758	2218	1554	1302	1197
Non-Exec	29896	28600	27724	4799	4744
Total	31654	30818	29278	6101	5941

Source: OSEB Annual Administrative Report 1995-96
GRIDCO Annual Administrative Report 1996-97 and 1997-98
GRIDCO papers

Table - 5

Comparison between minimum basic wages for the unskilled category in the government and OSEB/GRIDCO

Year	Government	OSEB	GRIDCO
1969	Not Available	55-90	Not Applicable
1974	200-250	230-315	Not Applicable
1980	200-280(1981)	270-388	Not Applicable
1985	570-790	705-1117	Not Applicable
1990	750-940(1989)	860-1540	Not Applicable
1995	2550-3200(1996)	Not Applicable	2550-4551

Observations

1. OSEB's wage and scales of pay were superior to that of the government both at the minimum and the maximum
2. In 1995 although the grades in GRIDCO wage revision were made similar to that recommended by the 5th pay commission the maximum was made higher to elongate the scale so that the existing employees do not stagnate
3. Starting from 1980 in most of the subsequent years salary revision was done earlier than the government (year given in brackets)
4. Salary revision for the government employees was done every 10 years whereas for OSEB and later in GRIDCO it is to be done every 5 years.
5. Comparing facilities between government and OSEB/GRIDCO

Allowance	Government	OSEB/GRIDCO
House Rent Allowance	15% of basic Now it has been reduced to 10% after fifth pay Commission	20% of basic (*)
Medical Allowance	No medical allowance	3% of basic

(*) The government did object to the 20% HRA and suggested a reduction and make it uniform to 10% for all. This could not be done since 20% HRA for the workers was given under a tripartite settlement which is difficult to change under the present legal conditions. However since the officers were also getting 20% HRA and did not require any legal compliance to change, the HRA for officers were reduced to 10%.

In general facilities in OSEB/GRIDCO were better than the government.

Table – 6

LIST OF AFFILAITED AND NON-AFFILIATED UNIONS REPRESENTING WORKERS

OSEB Employees Federation (Unions affiliated to AITUC)

OSEB Bijuli Karmachari Sangha
OSEB Mazdoor Sangha
Puri Electrical Employees Unions
Telecommunication Employees Union
OSEB Sub-Ordinate Audit and Accounts Service Association
OSEB Workmen's Union
OSEB Electrical Employees Union
OSEB Technical Employees Union
Power Employees Union
Hira GTD Workers
Kalinga Bidyut Karmachari Sangha

Nikhila Orissa Bidyut Board Shramik Mahasangh (Unions affiliated to INTUC)

Orissa Rajya Bidyut Shramik Karmachari Sangha
Cuttack City Electricity Supply Employees Union
Cuttack Circle Electricity Employees Union
United Electricity Employees Union
Bhadrak Electrical Workers Union
Hirakud Bidyut Shramik Karmachari Sangha

OSEB Shramik Mahasangha (Unions affiliated to NFITUC)

OSEB Ministerial Employees Union
OSEB Workers Union
OSEB III Trained Employees Union
Jaipur Electrical Workers Union
Sangrami Bidyut Karmachari Sangha
OSEB Employees Union
Hirakhanda Bidyut Karmachari Sangha
Kalahandi Bidyut Karmachari Sangha
Hira Non Gazetted Employees Union

Orissa GRIDCO Hydro Thermal Employees Federation

Orissa State Electricity Corporate Engineers Association
OSEB Motor Karmachari Sangha
Orissa Rajya Bidyut Parishad Amala Sangha
OSEB Draughtsman Union
Orissa Rajya Bidyut Board Mukhya Karyalaya Karmachari Sangh
OSEB ITI Association

Table – 6 (continued)

Independent Unions Associations

OSEB Shorthand Writers Association

OSEB OFFICERS Association

Orissa Electrical Engineers Service Association

Orissa Electronics and Telecommunication Engineers Service Association

GRIDCO Finance Service Welfare Association

GRIDCO Typists Union

Table - 7**TRAINING ORGANISED BY M/S PRICE WATER HOUSE**

Sl. No.	Programme Title	Duration	No. of Courses	No. of Participants	Total Mandays	Executive/N on-Executive
TECHNICAL TRAINING PROGRAMMES						
1.	Transmission Engineering Procedure	3 days	8	86	258	Executives
2.	Distribution Engineering Procedure	3 days	15	164	492	Executives
3.	Foundation course on GRIDCODE	4 days	2	43	172	Executives
MANAGEMENT & OTHER TRAINING PROGRAMMES						
4.	Stores & Materials Management	3 days	6	69	207	Executives
5.	Workshop for Management Accounting	2 days	2	114	228	Executives
6.	Commercial Management (RIAP-I)	3 days	6	65	195	Executives
7.	GRIP & MRT (RIAP-II)	4 days	6	71	284	Executives

Source : Annual Administrative Report, 1997-98

Table - 8

TRAINING PROGRAMMES

	Internal			External		
	Types of Progms.	No. of Progms.	Persons attended	Types of Progms.	No. of Progms.	Persons attended
1998-99						
Executives	14	36	530	19	43	685
Non-Exec	12	41	716	2	7	121
1999-2000						
Executives	13	60	944	19	28	311
Non-Exec	9	55	882	2	7	121
2000-01						
Executives	12	58	912	21	30	328
Non-Exec	7	38	672	3	8	123

Source: Training Calendar of GRIDCO