# NATIONAL ALUMINIUM COMPANY LIMITED – AN OVERVIEW

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"No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people." - J.R.D. Tata

3.1: Profile of NALCO:

Establishment of National Aluminium Company Ltd (NALCO) in 1981 is considered to be a turning point in the history of Indian Aluminium Industry. It has not only addressed the need for self-sufficiency in aluminium, but also given the country a technological edge in producing this strategic metal to the best of world standards \(^1\) (NALCO Bulletin, 2007).

It was incorporated as a public sector enterprise, under Ministry of Mines, Government of India and it is Asia's largest integrated aluminium complex, encompassing bauxite mining, alumina refining, aluminium smelting and casting, power generation, rail and port operations \(^2\) (Hand book on NALCO, 2004). It was commissioned during 1985-87 and has emerged to be a star performer in production and export of alumina and aluminium. With technical collaboration of Aluminium Pechiney (now Alcan), ISO 9001:2000 certification of quality management, registration of products at London Metal Exchange, environment care conforming to ISO 14001, low cost operation and international customer base, NALCO enjoys the status of a NAVARATNA company.

It may be mentioned here that since 1991 NALCO has been recognized as a Star Trading House for its substantial contributions to export of aluminium and calcined alumina to various overseas markets. The Company has been accorded Five-Star Export House status in accordance with the provision of the EXIM Policy by Government of India, Ministry of Commerce since 2005. Thereafter, during 2000, NALCO's status was upgraded to Super Star Trading House considering further growth in exports. It has been conferred with NAVARATNA* \(^3\) (Wikipedia, 2010) status on 28\(^{th}\) April 2008.

* The 'Navaratna' status offers a company enhanced financial and operational autonomy and empowers it to invest up to Rs. 1000 cr or 15 per cent of their net worth on a single project without seeking government approval. They will also have the freedom to enter joint ventures, form alliances and float subsidiaries abroad.
3.1.1: Vision:
To be reputed global company in the metals and energy sectors (Annual Report, 2008-09)

3.1.2: Mission:
- To achieve sustainable growth in business through diversification, innovation and global competitive edge.
- To continuously develop human resources, create safe working conditions, improve productivity and quality, and reduce cost and waste.
- To satisfy the customers and shareholders, employees, and all other stakeholders.
- To be a good corporate citizen, protecting and enhancing the environment as well as discharging social responsibility in order to ensure sustainable growth.
- To intensify R&D for technology up-gradation.

The Company firmly believes that its ultimate reward is happiness in the human heart. (Website, 2010)

3.1.3: Objectives of the Organisation:
1. To maximize capacity utilization.
2. To optimize operational efficiency and productivity.
3. To maintain highest international standards of excellence in product quality, cost efficiency and customer service.
4. To provide a steady growth in business by technology upgradation, expansion and diversification.
5. To have global presence and earn foreign exchange.
6. To maintain leadership in domestic market.
7. To instill financial discipline at all levels for achieving cost and budgetary controls, optimize utilization of working capital and effective cash flow management.
8. To maximize return on investment.
9. To develop a strong R&D base and increase business development activities.
10. To promote a result oriented Organizational ethos and work culture that empowers employees and helps realization of individual and Organizational goals.

11. To maximize internal customer satisfaction.

12. To foster high standards of health, safety, and environment friendly products.

13. To participate in peripheral development of the area.

*(Hand book on NALCO, 2004)*

**3.2: NALCO in Brief:**

NALCO was started with an initial investment of about Rs. 2408 crores and was commissioned during 1985-87, under extremely difficult logistics of project management, without time or cost over-runs. Successful operation of NALCO, as well as its contributions, has brought about remarkable socio-economic progress in two underdeveloped districts of Odisha, where the Company’s plants and facilities are located.

With the commencement of sale of aluminum from May, 1987, Alumina export in January, 1988 and Aluminum export from September, 1988; now, NALCO has charted a course of international confidence in India’s industrial capability. Today, NALCO has emerged as the largest integrated Bauxite-Alumina-Aluminum Complex in Asia, enabling India to witness a quantum jump in Alumina and Aluminum production.

While NALCO entered the 25th year of its existence in 2005, a national asset worth above Rs. 10,000/- crore have been created out of an initial investment of Rs. 2408/- crore, yielding rich dividends for the country, for the state and for the people at large.

The registered office of the Company is located in Bhubaneswar, the capital city of Odisha and it has 5 segments spread over in Odisha and Andhra Pradesh. Being the largest exporter of the metal in the country, it has its own section of port facilities at Visakhapatnam for handling imported Caustic Soda and export of Alumina.

Presently, NALCO is one of the five exporters of Alumina in the world market. It has got an international customer base. It exports high-grade alumina to over 30 countries like USA, Japan,
China, Brazil, Australia, Bahrain, Dubai, Egypt, Finland, France, Germany, Hong Kong, Indonesia, Iran, North Korea, Norway, Philippines, Russia, Switzerland, Taiwan and UK. It also exports quality aluminium to different countries of the world. NALCO is known for low cost operation. It has ISO 9001:2000 certifications of quality management and its environment care confirms to ISO 14001. All this goes to say that NALCO has got an international reputation.

3.2.1: Different Segments of NALCO: (Plants & Mines)

The integrated complex has five segments. These are grouped as:

1. Bauxite mines in Panchpatmali plateau at Damanjodi.
2. Alumina refinery in Damanjodi
3. Smelter plant in Angul
4. Captive power plant in Angul, and
5. A Port in Vishakapatnam, Andhra Pradesh.

3.2.2: Special Features of Different Segments of NALCO:

The main units of NALCO are at Damanjodi and Nalconagar-Angul. The Mines and Alumina Refinery Complex is located at Damanjodi in Koraput district. The Smelter Plant and Captive Power Plant is located in Nalconagar, Angul.

1. Bauxite Mines:

The Bauxite mines called “Panchpatmalli Mines” are situated atop a set of five mountains called *Panchpatmalli*. At a height of 4000 feet above Mean Sea Level, an open cast mine of 48,00,000 million tons per annum capacity, is in operation since November, 1985 serving feed stock to Alumina Plant located at Damanjodi on the foot hills. The Bauxite reserve is spread over 1689 square kilometers and the life of the deposit under NALCO’s lease is over 100 years. The classic feature of ore transportation to Alumina Refinery, 14.6 km away downhill, is the use of a single lift cable belt conveyor of 900 ton per hour capacity, first of its kind in Asia, has been designed to preserve environment and easy transport.
2. **Alumina Refinery:**

The refinery complex produces bauxite. The Alumina Refinery is located at Damanjodi, 16 km from National High Way No. 43, which is surrounded by majestic hills of Koraput. Its capacity is 15,75,000 tons per annum and designed to provide 6,37,500 tons of Alumina to the Smelter at Angul and to export 9,37,500 tonnes of Alumina to overseas market through Vizag Port.

3. **Smelter Plant:**

The Smelter Plant has the aluminum Production Capacity of 3,45,000 tones per annum is located at Angul, on National Highway No. 42 at about 160 km north of Bhubaneswar. It is based on state of art technology of electrolytic reduction of alumina into aluminum, obtained from Aluminium Pechiney of France.

4. **Captive Power Plant:**

It is close to the Aluminum Smelter. It has the capacity of 960 MW. It is commissioned to feed the Smelter with 400 MW steady powers and is connected to the Odisha State Grid. The raw water for power plant is drawn from river Brahmani through 7 km long double circuit pipeline. The coal demand is met from a mine of 3.5 million TPY capacity opened up for NALCO at Bhagalpur in Talcher Coal fields by Coal India Ltd.
The different divisions of NALCO located all over India are shown in the figure below:
<table>
<thead>
<tr>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery of East Coast Bauxite</td>
<td>1975</td>
</tr>
<tr>
<td>Preparation of NALCO's Feasibility Report</td>
<td>July 1979</td>
</tr>
<tr>
<td>Investment approved by the Government</td>
<td>26th January, 1980</td>
</tr>
<tr>
<td>Formation of the Company</td>
<td>7th January, 1981</td>
</tr>
<tr>
<td>Indo-French Collaboration Agreement</td>
<td>9th January, 1981</td>
</tr>
<tr>
<td>Signing of major Euro-Dollar Agreement</td>
<td>27th February, 1981</td>
</tr>
<tr>
<td>Foundation Stone laid by Late. Smt. Indira Gandhi</td>
<td>29th March, 1981</td>
</tr>
<tr>
<td>Civil Work Starts</td>
<td>February, 1982</td>
</tr>
<tr>
<td><strong>Commissioning</strong></td>
<td></td>
</tr>
<tr>
<td>Alumina Refinery</td>
<td>September, 1985</td>
</tr>
<tr>
<td>Bauxite Mine</td>
<td>November, 1985</td>
</tr>
<tr>
<td><strong>Smelter:</strong></td>
<td></td>
</tr>
<tr>
<td>Pot Line-I</td>
<td>March, 1987</td>
</tr>
<tr>
<td>Pot Line-II</td>
<td>May, 1989</td>
</tr>
<tr>
<td><strong>Captive Power Plant</strong></td>
<td></td>
</tr>
<tr>
<td>Unit – I</td>
<td>September, 1986</td>
</tr>
<tr>
<td>Unit – II</td>
<td>January, 1989</td>
</tr>
<tr>
<td><strong>Port Facilities</strong></td>
<td></td>
</tr>
<tr>
<td>Commencement of Sale of Metal</td>
<td>23rd May, 1987</td>
</tr>
<tr>
<td>Commencement of Alumina Export</td>
<td>9th January, 1988</td>
</tr>
<tr>
<td>First Mines Safety Award</td>
<td>1988</td>
</tr>
<tr>
<td>CAPEXIL Special Export Award</td>
<td>1988</td>
</tr>
<tr>
<td>London Metal Exchange Recognition</td>
<td>10th May, 1989</td>
</tr>
<tr>
<td>NALCO Plant dedicated to nation</td>
<td>20th June, 1989</td>
</tr>
<tr>
<td>CAPEXIL Highest Export Award</td>
<td>1989 / 1990</td>
</tr>
<tr>
<td>CAPEXIL Special Export Award</td>
<td>1991</td>
</tr>
<tr>
<td>Star Trading House Recognition</td>
<td>22nd January, 1992</td>
</tr>
<tr>
<td>Indira Gandhi Rajbhasha Award</td>
<td>1993, 1995</td>
</tr>
</tbody>
</table>
### CAPEXIL Top Export Award 1993
### Indira Priyadarshini Vrikshamitra Award 1994
### Bauxite Mines exceeds rated capacity 1994

**ISO 9002 Certification**
- Alumina Refinery: November, 1994
- Smelter Plant: February, 1995
- Bauxite Mines: January, 1998
- Captive Power Plant: February, 1997

**ISO 14001 Certification**
- Alumina Refinery: June, 1996
- Smelter Plant: Feb, 1997
- Bauxite Mines: May, 1998
- Captive Power Plant: December, 1997

**FICCI Award for Pollution Control and Environment** 1996-97
**Excellent Public Sector Enterprise Award** 1996-97
**Environment Protection Award by IIEE** December, 1997
**Best Occupational Health Service (OHSAS) Award by Govt. of Odisha** March, 1998

**Gem Granite Environment Award** 1997-98
**Sri Sitaram Rangta Memorial Social Awareness Award** 1997-98
**First EEPC Export Award & for 3rd time in succession** 1998-99
**Pollution Control Excellence Award for CPP** 2000
**Best Exporter of Award for the Year** 1998-99, 99-2000 & 2000-01
**Indira Gandhi Paryavaran Puraskar Award** 2000
**Rajbhasa Shield by Ministry of Mines** Feb, 2001 & April, 2001
**FIMI Environmental Award** 2000-01
3.3: HRM Philosophy of NALCO:

The philosophy of NALCO in the field of human resources and management has been:

1. To attract competent personnel with growth potential and develop their skills and capabilities in a congenial work and social environment through opportunities for training, recognition career advancement and other incentives.

2. To develop and nurture favorable attitude among employees and to obtain their best contribution to the organization by providing stable employment, safe working conditions, job satisfaction, quick redress of grievances and through good pay and welfare amenities, commensurate with the company's capacity to spend and the governments guidelines.

3. To foster fellowship and sense of belongingness among all sections of employees through closer association of employees with the management and by encouraging healthy trade union practices.

3.3.1: Human Resources Management in NALCO:

To achieve excellence, the following programmes are implemented in NALCO:

1. Training and Skill Development Programmes
2. TQM
3. Quality Circles
4. Small Group Activities
5. Performance and Potential Appraisal
6. Counseling
7. Social Get-togethers
8. Quiz Competitions
9. Environment Day Celebrations
10. Quality Day Celebrations.

NALCO has been able to build up an excellent resource based on Managerial and Technical Cadres by recruiting bright Management Trainees and Graduate Engineer Trainees in keeping the long-term strategic manpower needs. It was started with a core group of 262 employees in 1982; and thereafter, progressive growth
of manpower has taken place in a planned manner matching with the requirements at different stages of the project.

Table - 3.2: Manpower of NALCO (as on 31.03.2010)

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Percentage to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>1829</td>
<td>24</td>
</tr>
<tr>
<td>Supervisors</td>
<td>855</td>
<td>11</td>
</tr>
<tr>
<td>Skilled &amp; High Skilled</td>
<td>3727</td>
<td>50</td>
</tr>
<tr>
<td>Unskilled &amp; Semi Skilled</td>
<td>1056</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7467</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Annual Report 2009-10

Graph - 3.1: Manpower of NALCO (As on 31.03.2010)
3.4: HRD Policy and Programmes of NALCO:

HRD in NALCO is a process by which employees are helped in a continuous and planned way to:

1. Acquire or sharpen capabilities to perform present and future expected jobs.
2. Develop their general capabilities and to use their latent potential for own and organisational purposes.
3. Develop organisational culture supervisor – subordinate relationship and team work.

The focus of the HRD department in the early stage centered around meeting changing requirements of job due to introduction of new technology. Emphasis, therefore, was given to retraining and redeployment. The HRD sub systems followed in NALCO are as under:

1. Manpower planning
2. Recruitment
3. Organisational review and restructuring
4. Training and Development
5. Performance and potential appraisal
6. Counseling
7. Career and succession planning
8. Job enlargement
9. Suggestion schemes

3.5: Quality Policy of NALCO:

NALCO produces world-class Alumina and Aluminium. The following quality policy has been laid to maintain, and improve the systems and works:

1. To ensure a healthy return on investment.
2. To continually improve and redesign systems, processes and practices in order to ensure error prevention.
3. Human resource as key to quality
4. To ensure high quality of inputs though proactive interaction with suppliers
5. To meet obligation towards the society as a responsible corporate citizen
6. To provide value for money to all stakeholders
7. To follow ethical business philosophy
3.5.1: Quality Circle:

NALCO has a strong culture of Quality Circle, which has resulted in the development of skills, capabilities, confidence and creativity of the people through a process of education, training, work experience, discussions, deliberations and participation. For NALCO QCs have achieved the objective of changing the attitude of people by making them feel proud of the company and creating a sense of belongingness. It has resulted in the development of the people, fostering team spirit and has improved the organizational culture.

Table - 3.3: Position of Quality Circles as on 31st October 2008

<table>
<thead>
<tr>
<th>Units</th>
<th>Number of Active Quality Circles</th>
<th>Number of Projects Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smelter</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>CPP</td>
<td>03</td>
<td>05</td>
</tr>
<tr>
<td>Refinery</td>
<td>20</td>
<td>66</td>
</tr>
<tr>
<td>Mines</td>
<td>02</td>
<td>02</td>
</tr>
</tbody>
</table>

Source: Department of HRD, NALCO

3.6: Training:

Human Resources Development is the key for success of any Organization. Since inception, NALCO has given high priority to Training and Development for quick assimilation of imported know-how. It conducts training of both the Executives and Non-executives.

3.6.1: Training of Executives: It covers –

- Knowledge in the functional area for junior level managers
- Knowledge on technology, managerial skills, team building for middle level managers
- Managerial skills, leadership and interpersonal relationships of the senior level managers

At all levels more stress is laid on training for attitudinal changes for the managers, so that they can cope up with the changing needs of the organization.
3.6.2: Training of Non-Executives:

It covers: –

• Technical training
• Skill and multi-skill development
• Motivation and involvement
• Total Quality Management
• Participation in Quality Circles and group activities
• Safety measures.

NALCO has a regular system of nominating people for conference training and development programmes, seminars and panel discussions organized by reputed institutes in the country. NALCO usually conducts external training programme when the number of trainees is less in number. It nominates employees for foreign training for long & short term training under the Colombo Plan which includes visit to Aluminium industries abroad.

In-house training programme is provided at NALCO when the number of trainees are large and providing external training is costlier. Faculties from eminent institutes and business personalities are invited to provide internal training. NALCO has got three training centers at Angul, Damanjodi and Bhubaneswar where in-house training is provided to the employees.

Table - 3.4: Training & Development: (2005-06 to 2007-08)

<table>
<thead>
<tr>
<th>Year</th>
<th>Training expenses</th>
<th>% of total wages &amp; salary</th>
<th>Man days per employee</th>
<th>Investment per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>5.66</td>
<td>1</td>
<td>2.68</td>
<td>Rs. 7642/-</td>
</tr>
<tr>
<td>2006-2007</td>
<td>5.76</td>
<td>1.46</td>
<td>2.53</td>
<td>Rs. 7757/-</td>
</tr>
<tr>
<td>2007-2008</td>
<td>7.87</td>
<td>1.42</td>
<td>2.44</td>
<td>Rs. 10616/-</td>
</tr>
</tbody>
</table>

Source: Department of HRD, NALCO
3.7: Welfare Policy and Practices of NALCO:

Provision relating to welfare of the factory workers have been made in Section-42 to Section-50 in Chapter V of the Factory Act, 1948. The main objective of these provisions is to provide basic welfare amenities to the workers in the factories. NALCO also follows these provisions.

These are: **Washing Facilities** (Section-42), **Facilities for Storing and Drying Clothing** (Section-43), **Facilities for Sitting** (Section-44), **First-aid Appliances** (Section-45), **Canteen** (Section-46), **Creches** (Section-48) and **Welfare Officers** (Section-49).

Under Section-45, NALCO has provided 42 first-aid boxes equipped with the prescribed canteens. The company has one first-aid center at the head of the plant which is working round the clock. An ambulance is also available round the dock in the plant. It has around 210 trained first-aid personnel are available in the plant to take care of the injured, as to provide first-aid before sending to hospital.

Under Section-49, NALCO has appointed 4 Welfare Officers to look after the welfare of the workers and employee.

**3.7.1: Non-Statutory Welfare:**

(1) **Housing Facilities:**

NALCO helps the employee to built or acquire a house of their own, in the form of loans. Employees of the company who have completed 3 years of continuous service are eligible for house building advance. It is a non-statutory welfare facility.

(2) **House Rent Allowance:**

When accommodation is not provided by the Company, an employee is entitled to House Rent Allowance. House Rent Allowance at NALCO is as per government guidelines issued from time to time as applicable to PSUs on the subject.

(3) **Medical Facilities:**

NALCO is providing medical facilities to employee and the members of families & shall ordinarily be entitled to free medical and attendance and treatment as available in the company hospital. It
provides medical advances which is equal to one month basic pay plus DA.

(4) Educational Facilities:

The education expenses, incurred by the executives and non-executives in respect of their own dependent children are reimbursed by the company for 2 children reading in company aided schools. Further, both executive and non-executives not availing educational facility for their children in Company aided schools will be entitled for reimbursement of Tuition fees up to two children pursuing regular studies up to +2 level subject to a maximum of Rs. 165/- p.m. per child of the employees working at Angul, Damanjodi and Rs. 330/- p.m. per child at other locations/offices of the Company. Both executive and non-executive will also be entitled for reimbursement of tuition fees up to two children pursuing regular studies in graduation level subject to a maximum of Rs. 330/- per month per child irrespective of their place of posting.

Scholarship for the Employees' Children: In order to encourage and facilitate higher education for meritorious children of the employees, NALCO awards up to 125 scholarships during each academic year for admission into recognized courses. The award of scholarship is limited to two children of an employee at a given point of time.

5) Transport Facilities:

Transport subsidy for employers and their school going children is provided at the rate of Rs. 67/- per child subject to maximum of two school going children at Angul and Damanjodi. At other locations it is Rs. 90/- per month per child.

3.7.2: Other Welfare Provisions:

(1) Holidays and Leave Rules:

(A) Half-pay Leave: Executives of NALCO are entitled to half-pay leave @ 20 days for each completed year of service. This leave can be commuted to full pay leave on medical ground. The total duration of commuted leave even if taken in conjunction with other leave shall not exceed 240 days at a time.
(B) **Special Disability Leave:** NALCO has given Special Disability Leave can be granted to an employee who is disabled as a result as a result of injury arising out of and in course of employment. This leave can be granted up to 120 days on full pay and the remaining period with half pay.

(C) **Extraordinary Leave:** This leave can be sanctioned without pay in appropriate cases at the discretion of the management when no other leave is due to an employee.

(D) **Maternity Leave:** It is regulated as per the Maternity Benefit Act, 1961. This is limited to a maximum period of 135 days, out of which not more than 6 weeks shall precede the expected date of delivery, provided however that women employees with less than two surviving children.

(E) **Paternity Leave:** A male employee with less than two surviving children may be granted Paternity Leave of 15 days during the confinement of his wife.

(F) **Quarantine Leave:** It is granted when medical authorities of the company certify the presence of an infectious disease in the household of an employee. This is normally limited to 21 days. This leave is not debited to the leave account. It is not admissible when an employee suffers himself.

(2) **Conveyance Allowances:** When employees have their own vehicle registered in their name and utilized the same for official purpose, they are entitled to get conveyance Allowances in connection with their official duties.

(3) **Promotion of Family Welfare:** An employee who or whose spouse (not more than 50 years and 45 years (in case of male and female respectively) undergoes vasectomy / tubectomy operation is eligible for certain benefits like : Special Casual Leave, Cash Incentive, Increment, Interest concession in HBA

(4) **Provident Fund:** Provident fund provides employees with a lump sum financial support when they retire. The employee's compulsory contribution shall be 12% of their emolument i.e. (Pay plus DA). They may contribute more if they so choose.

(5) **Group Gratuity Scheme:** Gratuity is payable under The Payment of Gratuity Act, 1972. It is paid to the employee for their efficient, faithful and long service. The Company has linked the
payment of gratuity with a group life assurance scheme to provide social security and better benefits. All employees in the permanent rolls are covered under the scheme.

(6) Liveries: All employees are entitled for the following items for liveries:

<table>
<thead>
<tr>
<th>Male Employees</th>
<th>Female Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two full sleeve cotton shirt and two cotton pants</td>
<td>Two cotton sari and two cotton salwar-kurta sets and dupatta</td>
</tr>
<tr>
<td>One pair of nylon socks.</td>
<td>One pair of nylon socks</td>
</tr>
<tr>
<td>Shoes</td>
<td>Shoes</td>
</tr>
</tbody>
</table>

Source: Department of Personnel and Administration, NALCO

(7) Natural Calamity Advance: In case of natural calamities like floods, all non-executive employees are granted interest free advance of one month’s (Basic + DA) for meeting the unforeseen expenditure, subject to certification by concerned Revenue Officer not below the rank of Tahasildar, at the locality where the employee’s property is situated. The advance is recoverable in 12 equal monthly installments.

(8) On Retirement: Retirement benefit on superannuation include encashment of the earned leave, plus HPL up to 480 days in case of executives; full provident fund contribution in the company along with matching contributions and interests accrued on the whole.; gratuity up to a maximum limit of Rs 3,50,000/- calculated @ 15 days salary for each completed year of service etc.

(9) Post-Retirement Medical Facilities: The Company in its efforts to extend certain social security measures beyond the age of retirement of an employee has established a scheme of post-retirement medical benefits.

(10) NALCO Employees Family Financial Assistance Rehabilitation Scheme: The company has formulated a scheme called “NALCO Employees Family Financial Assistance Rehabilitation Scheme” with effect from 16.11.1995 to provide monetary benefits and support to an employee in case of his permanent total disablement or to his family in case of his death, in either case while in service.
3.8: Customer Complaints and Redressal:

NALCO being a supplier of aluminum products for its global clients, it is quite responsible and vigilant towards its customers complains & grievances. There are four major steps through which customers’ queries and complaints get resolved by NALCO.

1. Receiving complaints and sending acknowledgement letter or 1st response letter to the customer within 3 days from the day the company receive the complaint. And also we need to notify the customer that the products should be intact until the team inspects the materials.

2. Allotting control number to the complaint received.

3. Complaint sends to the smelter plant for inspection. From where a team is sent to the buyer/customer’s location so as to validate the customers complaint. The team consists of three members and they are from marketing department, Cast house and finance department.

4. Once the inspection is done, the team will give a feedback to the corporate house on the basis of which the corporate house will decide whether NALCO needs to give compensation or not.

3.8.1: Customer Satisfaction Survey:

NALCO conducts customer satisfaction survey twice a year. The approved feedback format are sent to the customers who have lifted >50MT of metal per annum. After receiving of the feedback, the same are analysed against its weight-age. Weightage are fixed based on the average feedback of the customers. After receiving the feedback, the same are calculated and final out come are reviewed by the higher management. If, the customer feedback is less than 0.6, then NALCO Marketing Department discusses the matter with the customers and resolves the issue.

On an average, the customer rating is more than the 0.6 which is quite good for their own service. NALCO is planning to enhance the customer rating rate from its existing rate.
3.9: Industrial Relations Scenario and Trade Unionism:

The overall industrial relations scenario of the Company remains very much congenial and peaceful. In spite of sporadic growth in number of Trade Unions with acute inter and intra-union rivalry, the Management has taken proactive efforts to maintain a harmonious atmosphere in the Company. All the settlements are done at Corporate Level except Canteen Agreement for payment of canteen allowance. Efforts were made to recognize one union from each unit with the help from the both Central and State Labour Authorities. Accordingly two unions have been recognized for Alumina Plant and Mines. For achievements of targets and enhancement of its corporate image, the Company continues to maintain good relationship with its employees and their Unions.

There have been no-man days loss on account of Industrial Relations problem like strike by the employees. The demands of the labourers engaged by various contractors for higher rate of wages, development of labour colony and gift for better performance of the Company has been well honored by the Company to the extent possible.

NALCO continues to maintain good and healthy relationship with its employees & its Unions. In the year 2005, the Unions of NALCO agitated against the privatization issue. There are 5 to 6 Trade Unions present in the Mines & Refinery complex. All the trade unions are not the recognized one. The union having more than 120 members is the recognized Union in NALCO.

3.9.1: Recognized Trade Unions existing in NALCO:

1. NALCO Mines Employees Association
2. NALCO Mines Mazdur Sangh
3. NALCO Land Displaced Persons Employee Union

3.9.2: Other Trade Unions in NALCO are:

1. NALCO Mines and Refinery Employees Association
2. NALCO Mines Operators Union.
3. NALCO Employees Association

The disputes & problems arising in the organisation are directly under the jurisdiction to the Industrial Disputes Act 1984.
NALCO Mines is handled by the Central Labour Authority. The Refinery complex is dealt by the State Labour Authority.

The industrial relations scenario of NALCO has remained by & large peaceful. The total man days lost due to the total man days available during the year was only 0.09 per cent as against 0.74 per cent last year and the same was mainly due to obstruction by local land displaced villagers at Damanjodi sector, demanding employment for dependants of LDP employees. (Annual Report, 2007-08)

3.10. Awards and Rewards

In order to encourage excellence among its employees NALCO has institutionalized many awards and rewards schemes. These not only contributes to the production and productivity of the company, but also a sense of recognition among its employees. The details of some of these are as follows:

3.10.1: Sarjana Reward Scheme

NALCO promotes employees’ participation in enhancing production, productivity and saving on cost through various means. The Suggestion Scheme Sarjana is one such endeavor (Parichaya, 2008). This scheme intends to encourage involvement and creative thinking amongst employees; and recognize and reward them for their ideas which result in improving productivity, quality of products or services and reduction in costs.

Zonal committees at unit level will reward such creative ideas which are accepted as implementable with token gift of Rs. 100/-.

After implantation of the suggestion, the zonal committee can recommend a cash award subject to minimum of Rs. 500/- per individual or Rs. 2000/- per group and a maximum of Rs. 2000/- per individual and Rs. 10,000/- per group. If the zonal committee feels that the reward amount should be more, then the suggestion may be sent to the central award committee at Corporate Office. The central committee can recommend an award up to Rs. 10,000/- per individual and Rs. 25,000/- in case of group. A motivator is also eligible for 20 per cent of the reward amount in case of individual suggestion and 5 per cent in case of group suggestion. Innovative suggestion brought by a Quality Circle can also be awarded under the scheme.
### Table-3.5: Sarjana for the years (2005-2008)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of suggestion received</th>
<th>No. of feasible suggestion</th>
<th>No. of suggestion implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>102</td>
<td>52</td>
<td>40</td>
</tr>
<tr>
<td>2006-2007</td>
<td>235</td>
<td>180</td>
<td>142</td>
</tr>
<tr>
<td>2007-2008</td>
<td>135</td>
<td>113</td>
<td>97</td>
</tr>
</tbody>
</table>

Source: Deptt. of P & A, NALCO

### 3.10.2: Problem Solving Reward Scheme

This scheme seeks to recognize and reward employees for their positive contribution towards solving identified problems. A solution accepted by concerned department head is to be reviewed by a committee headed by the Director (P&A) / Functional Director along with the concerned unit head, at Corporate Office. The Committee can recommend cash award up to Rs. 10,000/- in case of individual and Rs. 25,000/- in case of group subject to maximum Rs. 5000/- per person in the group. While cash awards are to be distributed by the Unit head once in a month, the certificate of merit signed by CMD will be awarded to the concerned employee on Foundation Day of the Company.

### 3.10.3: House-keeping Reward Scheme

This is to encourage participation of the employees in creating better working environment, and for making the place of work safe and environment-friendly and increase productivity of individuals as well as overall productivity of the plant. House-keeping committee with unit head as Chairman will make periodic visits to different areas of plants and the offices to assess the standards of cleanliness and orderliness of such areas. The committee meets at the end of each calendar year and decides annual cash awards comprising Rs. 5000/- (1st prize), Rs 3000/- (2nd prize) and Rs. 2000/- (3rd prize).

### 3.10.4: Incentive Scheme:

NALCO has a Productivity Linked Monthly Incentive Scheme whose objectives are:

1. To increase Production and Productivity
(ii) To increase availability and utilization of equipments.
(iii) To minimize input cost
(iv) To discourage Absenteeism and Overtime.

All regular employees of the Company up to level of CMD including trainees. The employees of plants are paid incentive with respect to their respective performance, the employees of Corporate, Regional and Branch Offices are eligible for incentive on the basis of weighted average of all the units.

Table - 3.6: SWOT Analysis of NALCO

<table>
<thead>
<tr>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Availability of huge deposit of bauxite.</td>
</tr>
<tr>
<td>➢ State of the art technology.</td>
</tr>
<tr>
<td>➢ Huge power production in CPP which produces 960 MW.</td>
</tr>
<tr>
<td>➢ Eco friendly processes.</td>
</tr>
<tr>
<td>➢ Low energy consumption.</td>
</tr>
<tr>
<td>➢ Presently, next to market leader HINDALCO.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Scattered plants.</td>
</tr>
<tr>
<td>➢ Depend on LME</td>
</tr>
<tr>
<td>➢ Strict export and marketing guidelines of the government.</td>
</tr>
<tr>
<td>➢ Very low expansion.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ As a PSU it has an exponential growth.</td>
</tr>
<tr>
<td>➢ Global market.</td>
</tr>
<tr>
<td>➢ Wide spread use of aluminum.</td>
</tr>
<tr>
<td>➢ Steep growth in the demand of Aluminum.</td>
</tr>
<tr>
<td>➢ Best Aluminum produced under LME Grade.</td>
</tr>
<tr>
<td>➢ Steep demand in downstream products.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Volatile LME price.</td>
</tr>
<tr>
<td>➢ High tax rate.</td>
</tr>
<tr>
<td>➢ Dumping of the metal at low cost by the European countries.</td>
</tr>
<tr>
<td>➢ Only public sector unit to compete with all the private sectors in the aluminum market.</td>
</tr>
<tr>
<td>➢ New players going strong.</td>
</tr>
</tbody>
</table>

Source: Department of P&A; NALCO
3.11: Strategy for Future:

NALCO has a potential for high growth in the coming years on the back of a sustained demand for alumina and aluminium in the global and domestic market. The second phase of expansion project of the company is under progress, founded by its internal resources and also exploring the overseas market for external commercial borrowing.

The ongoing second phase of expansion is set to make it the sixth largest producer of the metal in the world. It is planning to invest around Rs. 40,000/- crore during the period 2008 - 2013. The investments will be made in alumina smelters and power projects in Indonesia, South Africa, Iran and within India.

Memorandum of Understanding has been signed with the Government of South Sumatra, Indonesia for setting up of a 5 lakh Smelter along with 1250 MW Captive Power Plant and with Kerman Development Organisation of Iran for setting up of 2, 30, 000 TPA Smelter and a gas based Power Plant at a later stage. The Company is also pursuing with the Government of Andhra Pradesh for grant of bauxite mining lease in Visakhapatanam and East Godavari districts of Andhra Pradesh for setting a TPA Alumina Refinery in Bolangir district of Odisha and also for setting of a Coal-based Power Plant and Smelter Plant near Jharsuguda in Odisha. To effectively dispose off the fly ash generated at its Captive Power plant, the Company has planned for cement Plants and ash classification plant at Angul on a joint venture.

The company has signed a MOU with Indonesia to start a green field project. It is also in negotiation of the Government of India and South Africa as a part of its growth & expansion strategy. With technology and strategy in place along with the best talent working towards its goals, all the functions of the organizations in synergy, NALCO is reaching to the new height of success (Deptt. of P&A, 2008).
3.12: Reference:

1. NALCO CC Department Bulletin 2007
2. The Company You Keep, August 2004, Published by Corporate HRD Department, NALCO, Bhubaneswar
4. 28th Annual Report 2008-09 (NALCO)
6. Ibid 2
7. 27th Annual Report 2007-08 (NALCO)
9. NIPM Seminar Paper Presentation for Best HR Practices, New Delhi, 2008 by P.C. Panigrahi; DGM (Vigilance)
Care for Community

Photo-3.1: Encouraging the young minds

Source: CC and CSR Department, NALCO

Photo-3.2: Eye Camp organized by NALCO

Source: CC and CSR Department, NALCO
Photo-3.3: Health check up camps organized by NALCO

Source: CC and CSR Department, NALCO

Photo-3.4: Provision of safe drinking water

Source: CC and CSR Department, NALCO