CHAPTER 3

HR PRACTICES IN HPCL-VISAKH REFINERY

This chapter on “HR Practices in HPCL-Visakh Refinery” is intended to give a fairly detailed account of HR Practices in vogue, at the time of study of the Visakha Refinery, to comprehend the philosophy and policy of its HRD. This content could as well give the researcher a wider base to assess the HR Climate, General Climate, HRD Mechanisms and Organizational Mission and their impact on Organizational Effectiveness, in the light of the research objectives set for the study. The presentation encompasses the particulars of HPCL, its Visakha Refinery which is focus of the study, its Vision and Mission, the distinctions it achieved which is construed as a proxy indicator of its Organizational Effectiveness, HR Vision and Mission, Salary Structure, Departmental Structure and Corporate Structure, HR Practices, Performance Appraisal System, Welfare Programs such as Housing Loans, Medical Insurance, Medical Advance, Family Planning Incentive Scheme, Education Growth Plan for Employees, Merit Award Scheme for Employees Children, HP College Scholarship Program, Sports and Recreational Facilities and above all rewards for innovations from Employees.

Hindustan Petroleum Corporation (HPCL) is a Government Company within the meaning of Section 617 of the Companies Act 1956. The Registered Office of the Corporation is at Petroleum House, 17 Jamshedji Tata Road, Churchgate, Mumbai 400020. HPCL is an amalgamation of the erstwhile foreign oil companies ESSO and Caltex, which were taken over by the Government of India in 1974 and 1976 respectively.

HPCL is a Central Public Sector Undertaking, with a subscribed capital of Rs. 339.33 Crores. The President of India is presently holding 51.01 % of the paid share capital, the remaining shares being held by various Financial Institutions, FIIs, Banks, Mutual Funds, NRIs and general public including employees of the Corporation. The shares are listed on BSE / NSE and are actively traded.
HPCL is one of the largest integrated Public Sector Undertaking, engaged in the business of refining Crude Oil and marketing of various petroleum products like Petrol, Diesel, LPG, Kerosene, Lube Oils, Asphalt, branded products like Power, Turbojet, Naphtha, ATF (Aviation Turbine Fuel) throughout India and at select foreign countries. Some of these products are exported to other countries.

HPCL owns and operates two refineries situated at Mumbai and Visakhapatnam.

Refineries History

Mumbai Refinery

HPCL’s Mumbai refinery, one of the most complex refineries in the country, is constructed on an area of 321 acres. This versatile refinery which is the first of India’s modern refineries, symbolizes the country’s industrial strength and progress in the oil industry. Mumbai Refinery has grown over the years as the main hub of petroleum products. The refinery has reached to present level through several up gradation and restructuring processes. A chronological summary of the developments is provided below:

- M/s ESSO commissioned in 1954 with a crude processing capacity of 1.25 MMTPA.
- Lube refinery, Lube India Ltd, was commissioned in 1969 with a capacity of 165 TMTPA of Lube Oil Base Stock (LOBS) production.
- Crude processing capacity increased to 3.5 MMTPA during 1969
- Government of India took over ESSO and Lube India and formed HPCL in 1974.
- Expansion of fuels block was carried out by installation of new 2 MMTPA crude units in 1985.
- Second expansion of Lube Refinery took place to increase the capacity of the refinery to 335 MMTPA, so far the largest in India.
- The current installed capacity of the refinery is 6.5 MMTPA
Visakh Refinery

The Visakh Refinery is also an important contributor to HPCL's Petroleum products requirements. Visakh Refinery was commissioned with an installed capacity of 0.65 Million Metric Tons Per Annum (MMTPA) by Caltex Oil Refining (India) Ltd. in 1957. This was one of the first major industries of Visakhapatnam and first oil refinery on the East Coast. After the nationalization, HPCL has transformed itself into a mega Public Sector Undertaking and it is second largest integrated oil company in India. The summary of development of the refinery is given below:

- The first East Coast Oil refinery was commissioned as Caltex Oil Refining India Ltd. (CORIL) in 1957 with a crude processing capacity of 0.65 MMTPA.
- The refinery was subsequently taken over by Government of India in 1976 and merged with HPCL in 1978.
- The refinery's crude refining capacity increased to 4.5 MMTPA during the first expansion in 1985.
- The refinery's crude refining capacity increased to a further 7.5 MMTPA during the second expansion in 1999 and is currently 8.3 MMTPA effective from April 2010.
- Diesel Hydro desulphurization (DHDS) project was commissioned in the year 2000 to meet BS-I/II compliant diesel. The facilities were further augmented in 2005 by addition of 2nd Reactor in DHDS unit for supplying BS-III grade diesel.

HPCL has focused on its business throughout India by segmenting its business outlook into Retail (Petrol Pumps), LPG, Industries & Commercial (Bulk Fuels supplies to industries, ships), Lubes, Aviation, Refineries etc, with support from the shared services like Finance, Company Secretary, Human Resources, Public Relations, Legal etc.

HPCL has 7 Retail and 6 LPG Zonal offices at major Cities, in addition to 90 Regional Offices, 37 major Terminals / Installations / Tap Off Points, 7 Lube Blending Plants, 100 Depots, 43 LPG Bottling Plants, 2 LPG Import Facilities, 8539 Petrol Pumps, 77 CNG Pumps, 72 Auto LPG Pumps 2250 HP Gas LPG Distributors serving 2.698
Crores LPG Customers, 1638 SKO / LDO Distributors, 59 Lube CFA spread over in the various states of India and ensure that the customers can approach their nearest location for getting their requirements. In addition HPCL has 23 Aviation Service Stations spread over India, to cater to the Airline industry.

HPCL is managed by a Board of Directors. Presently there are 11 Directors, with the Chairman and Managing Director as the head of the Corporation. The Board comprises of 4 Whole time Directors, also called Functional Directors – Director Marketing, Director Refineries, Director Human Resources, Director Finance. In addition, 2 part time Directors representing Government of India, through Ministry of Petroleum & Natural Gas, 4 part time Independent Directors, also called Navratna Directors are on the Board. All these 6 Directors are nominated by the Government of India.

The Board of Directors is assisted by Executive Directors, General Managers and other Officers / employees in carrying out the day-to-day functions of the Corporation.

Mission of HPCL

"HPCL, along with its joint ventures, will be a fully integrated company in the hydrocarbons sector of exploration and production, refining and marketing; focusing on enhancement of productivity, quality and profitability; caring for customers and employees; caring for environment protection and cultural heritage. It will also attain scale dimensions by diversifying into other energy related fields and by taking up transnational operations."

Vision of HPCL

“To be a World Class Energy Company known for caring and delighting the customers with high quality products and innovative services across domestic and international markets with aggressive growth and delivering superior financial performance. The Company will be a model of excellence in meeting social commitment, environment, health and safety norms and in employee welfare and relations.”
Recognition and Awards

HPCL has won several awards in the year 2010-11. A brief account of the achievements in 2011-12 follows. (As of Sept 2011).

- Hindustan Petroleum Corporation Ltd. HPCL is ranked 336th position during 2010-11 in the prestigious list of Fortune Global 500 Companies.

- HPCL ranks 1054 in Forbes 2000 list
Hindustan Petroleum Corporation Ltd. HPCL is ranked 1054 position during 2010-11 in the prestigious list of Forbes 2000.

- Scope CSR Award for the Year 2009-10
HPCL received the SCOPE Gold Trophy Meritorious Award for Corporate Social Responsibility & Responsiveness from Her Excellency The President of India Smt. Pratibha Devisingh Patil.

- Golden Peacock Award for CSR – 2011
HPCL received the ‘Golden Peacock Award for Corporate Social Responsibility’ for the year 2011 during the 6th International Conference on Corporate Social Responsibility organized at Delhi on April 29, 2011.

- Readers’ Digest Trusted Brand Gold Award 2011
HPCL has been conferred with ‘our service brand’- Club HP- with the Gold award for the 6th consecutive year at the 13th Reader’s Digest Trusted Brand survey.

- “Excellence in Quality” Award
HPCL has been conferred with “Excellence in Quality” award by M/s BOSCH for supplies of Lubricants for their Aftermarket Sales. This award is the result of consistent performance in meeting the customer’s requirement on Quality & Delivery.

- Golden Peacock HR Excellence Award
HPCL has been conferred with the “Golden Peacock HR Excellence Award” for the year 2011. The Golden Peacock HR Excellence is awarded to Organizations that follow excellent Human Resources practices and strategies which are directly contributing to the business.

• Indira Gandhi Rajbhasha Puraskar

HPCL has been conferred with Indira Gandhi Rajbhasha Puraskar by Govt. of India, Ministry of Home Affairs - Rajbhasha Vibhag for the year 2009-10 under PSU category for excellent performance in “B” Region for the fourth consecutive year.

• “CIO 100” Award

HPCL bagged the “CIO 100” Award for the sixth consecutive year in recognition for using information technology in innovative ways to deliver business value, whether by creating competitive advantage, optimizing business processes, enabling growth or improving relationships with customers. HPCL received the award for B2B Integration for Oil Exchange with other oil companies.

• National Award

HPCL has been conferred with the prestigious National Award for ‘Significant Achievement in Employees Relations’ by Employers’ Federation of India (EFI). This award is conferred to organizations which have excelled in the field of Industrial Relations through commitment, tireless efforts and focused strategies and have implemented policies, systems and procedures that creates and sustain productivity along with industrial peace and harmony.
• “IBM-The Great Mind Challenge for Business 2011 Award

HPCL has won the prestigious award “The Great Mind Challenge for Business 2011” for the most innovative solution in the Health and Life Sciences, Natural Resources, Manufacturing and Industrial sector using IBM Software.

• Brand Leadership award

HPCL has won the prestigious award “Brand Leadership award” in Service / Hospitality Industry at the World Brand Congress 2011. The awards are constituted in recognition made by HPCL to the Indian Industry

• CSR Awards 2011

HPCL is the proud winner of Corporate Social Responsibility Awards 2011 conferred jointly by Institute of Public Enterprise (IPE) and Subir Raha Centre for Corporate Governance at an awards function recently held at Hyderabad. The awards recognize the Best practices in Corporate Social Responsibility and are given in recognition of contributions made by an organization which have made difference to the people and community.

• Forecourt Retailer of the Year Award 2011

HPCL’s Retail SBU has bagged the prestigious “Forecourt Retailer of the Year Award” 2011 instituted by Star Retailer Awards for designing business strategy to maximize the potential in forecourts. The awards are given to those retailers who strive for excellence and spearhead innovation, creativity and value to their customers across the depth & breadth of the country in modern retailing.

• NIPM National Award

HPCL has bagged Runners-Up position in the prestigious NIPM National Award for Best HR Practices 2011. National Institute of Personnel Management (NIPM) is the only all –India body of professional managers engaged in the profession of personnel management, industrial relation, labour welfare, training and HRD in the country.
• **GOLDEN PEACOCK INNOVATION MANAGEMENT AWARD**
  HPCL’s Mundra Delhi Pipeline (MDPL) has been adjudged the WINNER of the “GOLDEN PEACOCK INNOVATION MANAGEMENT AWARD” by Institute of Directors, the First to any Member of the Oil Industry in a decade. The Award is in recognition of the excellence of MDPL’s Innovation Management culture and process towards meeting customer’s requirement.

• **IPE HR LEADERSHIP AWARD**
  HPCL has bagged the Award from “Organization with Best HR Strategy in line with Business” instituted by the Institute of Public Enterprise (IPE) in appreciation of our Organization’s good work and contribution to HR.

• **CII ENVIRONMENTAL BEST PRACTICES AWARD 2011**
  HPCL has been honored with the CII Environmental Best Practices Award 2012 for the Most Innovative Environmental Project-Vapor Recovery System for Gasoline / Motor Spirit-Pilot Project at Loni Terminal.

• **RAJBHASHA PURASKAR**
  HPCL was awarded Regional Rajbhasha vibhag puraskar (for North Zone Office, North West Zone Office and Goa LPG Regional Office) for excellence in official language implementation 2010-11.

**HR Vision**

The HPCL’s HR Vision is as follows.

Excellence in harnessing the full potential of the employees for becoming a global energy company.
Salary grades/ scales (Management)

The management category in HPCL has been divided into various categories spaned from A to I. The salary scales of management category can be understood by looking into the following table.

The pay scales for officers are as under with effective from 01/01/2007.

<table>
<thead>
<tr>
<th>Salary grade</th>
<th>Revised Scale (in Rs)</th>
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<tbody>
<tr>
<td>A</td>
<td>24,900- 50,500</td>
</tr>
<tr>
<td>B</td>
<td>29,100- 54,500</td>
</tr>
<tr>
<td>C</td>
<td>32,900- 58,000</td>
</tr>
<tr>
<td>D</td>
<td>36,600-62,000</td>
</tr>
<tr>
<td>E</td>
<td>43,200-66,000</td>
</tr>
<tr>
<td>F</td>
<td>51,300-73,000</td>
</tr>
<tr>
<td>G</td>
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</tr>
<tr>
<td>H</td>
<td>51,300-73,000</td>
</tr>
<tr>
<td>I</td>
<td>62,000-80,000</td>
</tr>
</tbody>
</table>

Salary grades/ scales (Non-Management)

The non-management category in HPCL has been divided into various categories spaned from RW-O to RW-6. The salary scales of non-management category can be understood by looking into the following table.

The pay scales for Non-management employees are as under with effective from 01/01/2007.

<table>
<thead>
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<td>8000-14,000</td>
</tr>
<tr>
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<td>10,000-20,000</td>
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<tr>
<td>RW-2</td>
<td>11,000-22,000</td>
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<td>RW-3</td>
<td>12,800-28,000</td>
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<tr>
<td>RW-4</td>
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<tr>
<td>RW-5</td>
<td>13,300-38,000</td>
</tr>
<tr>
<td>RW-6</td>
<td>13,500-45,000</td>
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</tbody>
</table>
Departmental Structure of HPCL-Visakh Refinery

The HPCL-Visakh Refinery is broadly divided into 7 major departments. The following is the brief information about the departments.

HR Department

A full fledged department has been set-up in HPCL-Visakh Refinery. The head of the department is Chief Manager-HR, who was assisted by both management (17) and non-management staff (21). The department deals with the functions such as Man Power Planning, Training and Development, Performance Appraisal Systems, Compensation, Welfare, Industrial Relations, Contract labor system, ensure in complying with all the provisions i.e. ESI, EPF, Contract Labour Acts, etc. Correspondence with all Government authorities, Travel & Guest House arrangements. Discipline Management, Corporate Social Responsibility activities, Health Management, Housing Allotment system, Security, etc

Finance Department

The department is headed by General Manager-Finance. The department consists of both management and non-management staff constitutes a total of 52 employees. The department deals with the activities such as Invoice, Stock Accounting, Shipping, Budget & MIS, Cash office, General Ledger, processing of bills and ensuring making to the Vendors.

Operations Department

This department is headed by General Manager-Operations and is assisted by one Deputy General Manager- Maintenance, and another Deputy General Manager-Operations. Under these two DGM’s various management and non-management staff are available to run the day-today functions of the department. The department deals with the activities such as Processing crude oil and refining the same in various units i.e. DHDS, SRU, Power Plant-II, MS Block, TPH, CDU, FCCU, etc.
Technical Department

The technical department is headed by General Manager- Technical and is assisted by various management and non-management employees to deal with the day to day technical in the plant.

Materials Department

The department is headed by General Manager- Materials, assisted by one chief manager-materials and then by various management and non-management staff. The department deals with the activities such as Processing of Purchase requisitions, registration vendors, Material procurement, Public tender system, Online Tendering, issue of way bills, procurement of items / services based on requisition user department, rationalization & negotiation with Vendors, etc.

Projects Department

The department is headed by General Manager- Projects, assisted by five Deputy General Managers-Projects and then by various management and non-management staff. The department deals with the activities such as, carrying out various project activities i.e. DHT, VRCFP, etc for Refinery expansion projects for meeting the Government norms.

Fire & Safety Department

The department is headed by Chief manager (F&S), he will be under the direct supervision of General Manager-operations. The chief manager (F&S) assisted by various management and non-management staff. The department deals with the activities such as Maintenance of F & S equipment in the Refinery. Compliance of statutory provisions with regard to Safety and compliance of OISD norms. Awareness programmes on safety to employees and contract labour and conducting mock drills, etc.
Organizational Structure

Organizational structure refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met. When a work group is very small, and face-to-face communication is frequent, formal structure may be unnecessary, but in a larger organization decisions have to be made about the delegation of various tasks. Thus, procedures are established that assign responsibilities for various functions. It is these decisions that determine the organizational structure.

In an organization of any size or complexity, employees' responsibilities typically are defined by what they do, who they report to, and for managers, who reports to them. Over time these definitions are assigned to positions in the organization rather than to specific individuals. The relationships among these positions are illustrated graphically in an organizational chart. The best organizational structure for any organization depends on many factors including the work it does; its size in terms of employees, revenue, and the geographic dispersion of its facilities; and the range of its businesses (the degree to which it is diversified across markets).

With the help of the given organizational structures given under one can understand the various levels that exist in Hindustan Petroleum Corporation (HPCL)-Visakh Refinery’s corporate (Head Office), refineries as well as Visakh Refinery structure.
Corporate
Refineries

Organizational Structure-Visakh Refinery
HRD Practices in Hindustan Petroleum Corporation Limited-Visakh Refinery

An overview of HRD sub systems such as Training and Development, Performance appraisal System, in HPCL -Visakh Refinery is as follows.

1. Training and Development

Tremendous emphasis has been given to Training & Development (T&D) activity in HPCL- Visakh Refinery by the Corporation office/ Head office.

1.1 Training Advisory Council

In order to systematize T&D activity, a Training Advisory Council (TAC) has been constituted comprising :

Director (HR) : Chairman
Executive Director - CPP : Member
Executive Director - Sales : Member
ED - LPG : Member
ED - SOD : Member
GM - EM&P : Member
ED- MR : Member
GM - Projects, MR : Member
GM - Finance (Mktg) : Member
GM - Finance (Corp) : Member
GM-IT : Member
GM-HRD : Member
GM - IR : Member
Principal, MDI, Nigdi : Member
DGM - Training : Secretary
1.2 Training & Development Policy

One of the first tasks of TAC was to draw up a T&D policy, the salient features of which are given here under:

**I. Objectives of T&D Policy**

a. To enhance the effectiveness of employees in the present position.
b. To develop capabilities and competence to assume higher responsibilities.
c. To keep abreast of technological and managerial development to avoid obsolescence.
d. To meet the situation of a vacuum in senior positions.
e. To build a cohesive employee group.
f. To create an infrastructure, to make training a way of life.

**II. Training Policy Tenets**

The following are some of the Training Policy Tenets.

**a.** Training and Development should encompass all levels of employees.

**b.** In the management cadre, up to Group C, Basic Management Training like effective management, effective listening, communication improvement, public speaking skills etc. should be imparted to all the staff. Additionally courses like decision making, leadership styles, performance appraisal and counseling will be imparted even at Group B level, based on need. Functional training will however be need based.

**c.** Group D upwards Management Training should be primarily based on:

i. Training and Development need will be recorded in Performance Appraisal Form.

ii. To develop the employee's potential as mentioned in Performance Appraisal Form

iii. Any specialized training that may be necessary to meet specified needs.

**d.** The most effective form of training is through in-company programmes.

**e.** Outside company courses will be utilized for specialist/advanced training both Functional as well as Management.
However, the present situation calls for greater dependence on these courses. Additionally, employees participation in outside seminars/ workshops is going to be increased to facilitate greater interaction and exchange of views with other organisations in HPCL-Visakh Refinery.

f. Good Management / Functional Courses which will be evaluated/ established as useful programmes, are being taken up as in-company course, to ensure wider coverage at economic cost.

g. The Corporation(Head office) of HPCL-Visakh Refinery will explore possibilities to locate sources for specialized training programmes, particularly in Functional areas, outside the country to keep abreast of technological/managerial developments.

III. Training Plan

This will mainly cover in-company programmes:

**Short Term**

a. Through Internal Faculty

b. Through External Faculty

c. Exclusive External Courses

**Long Term**

To create an infrastructure for a permanent Training & Development set up.

a. **In Company Faculty Development**

The Corporation(Head Office of HPCL-Visakh Refinery) has introduced a scheme to pay an Honorarium for In-company faculty.

b. **Training Centres**

There are three major training centres for HPCL where employees can get training. They are;
i. Management Development Institute, Nigdi, Pune (residential).

ii. Training centres at Mumbai and Visakh Refineries.

iii. Develop Auto Care Centres at Mumbai, Chennai, Delhi and Kolkata mainly as Marketing Functional Training Centres for Corporation employees and dealers/ Dealer's staff etc.

iv. During VIIIth Plan - Establish another Management Development Institute (Residential) at Visakhapatnam.

c. Audio-Visual equipment, including quick copying and micro-filming facilities, video camera for role playing at Management Training Centre.

d. Library - Central as well as Regional Training Centres with reading / loaning facility - Self Development Communications etc.

e. Films, Video Tapes, Training Manuals.

IV. Training Organisation

a. Functional set ups for Marketing & Refineries.

b. Corporate set up which will also over see Functional areas, however the latter should have full autonomy to devise, plan, budget their training needs short term/ long term.

V. Training budget: will be decided by the following

a. Management Training - Corporate Training Dept.

VI. Selection / nomination criteria for training

The basic document for selection / nomination of training programmes and candidates will reflect the changes recommended by the Training Advisory Council (TAC) from time to time. Within the above frame work the following criteria will be observed:

i. Selection of Training Courses-in-company or outside will be recommended by TAC to the concerned approving authority.

ii. Nominations

**Functional Training :**

a. Nomination will be made by respective Director / General Manager within stipulated limits of authority.

b. Nomination should be done at least once in 2 years (in-company or outside).

c. A minimum period of 6 months should be there between 2 Functional Courses.

d. All levels of Management Staff and selected non management staff can be deputed to functional courses, within the eligibility criteria specified for the course.

**Management Training :**

a. Nomination will be made by Human Resources Dept, based on Training needs in a prescribed form and it has to be confirmed by Functional Departmental Heads.

b. Nomination should be made at least once in 3 years (in company or outside).

c. A minimum period of one year between 2 Management Courses (outside company) and 6 months in the case of in-company must be maintained. Management Training nominations will be regulated by Corporate Training Dept and no direct nominations for such courses should be made by Functional Depts.
VII. Review

The training policy will be reviewed by TAC from time to time based on 'Training Convention' of Senior Managers to be held and other feedback received.

1.3 Training Courses:

Training Advisory Council (TAC) have identified various in company as well as outside training courses that are available in management discipline and other functions. Thus, with the help of the relevant training courses from various salary groups as per T&D policy, the list of training courses and Training Institutes indicated above, it will facilitate completion of the training and development needs portion of Performance Appraisal Form.

1.4 Foreign Training Programme:

The Corporation sponsors suitable employees for short courses abroad, through the Petroleum Ministry. The Ministry specified the eligibility criteria, based on which nominations are forwarded.

Note :

a. Indian Trainees going abroad may avail themselves of stop-over stay over concessions not exceeding the limits mentioned below on their return journey. For this purpose, the trainees will have to obtain leave from their sponsoring authorities and then approach the agencies concerned while making travel arrangements along with the order sanctioning leave.

b. The stop over / stay over may be arranged within the following limits on the return journeys:

i. When the training period abroad is for 3 months or under, the trainee may have a stop over / stay over for a period upto one week.
ii. When the training period is for more than 3 months but less than 6 months the stop over/ stay over may be for two weeks.

iii. When the training period is for over 6 months, the stop over/stay over period may be upto 3 weeks.

c. No permission will be granted for any excess over the limits prescribed above and the administrative authorities are requested not to consider or forward to this Dept, any such requests for special consideration. Though stop overs are normally allowed in terms of the above only during the return journeys there would be no objection if stop overs not exceeding one week are allowed during the outward journey within the overall limits prescribed, provided the administrative authorities are satisfied that the trainee would have adequate foreign exchange for the purpose.

2. PERFORMANCE APPRAISAL SYSTEM

HPCL, with a view to develop employees to enable them not only to cope up with their existing jobs, but also make them capable for handling future jobs, has embarked on various HRD renewal processes and systems oriented towards increasing individual efficiency and improving organizational effectiveness, some of these processes are mentioned below:

2.1.1 Coverage:

The performance Appraisal System Covers all officers from Salary grade A to I. There is a separate appraisal system for Officer Trainees.
2.1.2 Objectives:

The objectives of the Performance Appraisal System are two fold:

A. Developmental:

To ensure that all employees contribute effectively towards organisational goals. This involves identification of their strengths/weaknesses and giving feedback/training/rotational inputs to ensure that all Management positions are manned by personnel having the requisite exposure and competence.

B. Administrative:

To enable the Corporation (Head Office) to make rational and objective promotion and placement decisions.

2.1.3 Salient Features:

The Performance Appraisal System consists of two parts:

I. Goal Setting and Self Appraisal-Performance and Development Review (P&DR, Part A)

II. Performance & Development Review.

The salient features of which are provided below:

I. Goal Setting and Self Appraisal (P&DR- Part A)

a. Goal Setting:

Mutual Goal Setting at the beginning of the appraisal period is the cornerstone of the Performance Appraisal system because:
* It provides direction/ reduces ambiguity

Setting targets / goals at the beginning of the period provides a direction to the Officer in which to channelize his efforts, so that he knows exactly what is expected of him.

* It provides role clarity

Goals and targets provide a definition of the expected individual contribution of an employee, vis-a-vis his superiors, peers and subordinates.

* It provides more objective appraisal criteria

Goals/ targets set at the beginning become the standards for evaluation which are clearly known to the Appraiser and Appraisee. The form has provision for setting goals in the new assignment in case an officer is promoted/re-assigned during the year.

b. Periodic Review and Counseling

* Mid-term review of achievements vis-à-vis goals/targets set at the beginning of the appraisal cycle also forms a part of the P&DR, Part A Form. This review enables the Appraisee and Appraiser to identify the degree of achievement, facilitating /inhibiting factors and priority action areas. Midcourse corrections can be made and inter-se priorities redefined.

* The P&DR- Part A provides for Performance Reviews in Step third week.

c. The Self Appraisal Discussion

The P&DR, Part-A form gives an opportunity to the appraisee to state the achievements vis-a-vis the goals/targets set, highlight outstanding achievements, identify factors beyond his control which prevented him from achieving his goals/ targets and elicit help from his supervisor, if required, to enable him perform his job better.
d. The Self Appraisal Discussion

This is one of the most important features of HPCL’s Performance Appraisal system and provides for:

- An opportunity to establish a commonality of perceptions with regard to the contents of the Self Appraisal Form.
- An analysis of the employee's achievements taking into account factors which aided/hindered the same.
- Identification of personal factors which have facilitated/inhibited performance.
- The appraisee also identifies the training he requires as a part of his overall Development Plan. Provision is also made to record appraisee's plans for self development and areas requiring Supervisor's assistance. This forms an input to the appraiser while recommending training for the employee in the Performance Appraisal Form.

e. Short Appraisal Form

In cases where an officer has been transferred or held more than one assignment during the year, a short appraisal is to be prepared by the concerned Supervisor for each assignment of more than three months duration. This appraisal is to be sent in a sealed envelope to the reporting officer at the new location to assist him in preparation of the Annual Appraisal of the concerned officer. In cases where officers have been transferred/re-assigned after spending more than three months at a location, during the appraisal period, short appraisals of his subordinate officer will form a part of the handing over/taking over formalities.
II. The Performance & Development Review (P&DR, Part - B):

In case an Officer is transferred in between the appraisal period, then his appraisal is to be prepared by the Supervisor at the location where the employee has worked for the maximum period during the appraisal period. The process of preparing the Performance Appraisal involves the following:

a. Performance Analysis :

This analysis is recorded in the month of September in the specified Appraisal format where the appraiser is expected to give his assessment of the employee's achievement vis-a-vis goals/ targets set keeping in mind environmental and personal factors which aided / hindered the employee's performance.

b. Identification of Strengths and Weakness / Managerial Abilities /Competence.

As indicated earlier, certain personal factors which have aided / hindered an employee's performance are identified during the self appraisal discussion as well as in the course of Performance Analysis. These are to be enumerated in the space provided for the same, quoting instances of work performed well and areas where performance fell short of expectations. Eighteen managerial abilities / competence areas which have a bearing on performance have been identified and are listed. It may be emphasized in this regard, that only those factors which affect performance should be recorded in the Performance Appraisal. The appraiser is expected to base his training recommendations on factors identified in these steps.

c. Utilization of Training Programmes :

The purpose of this item is to assess the utility of training programmes at the work place and also to assess whether the officer is utilizing the same for his self development.
d. Development of subordinates:

An item to assess the appraisee's effectiveness in developing, training, appraising and counselling officers reporting to him is included in the Performance Appraisal Form. This important aspect of a Manager's role has been covered separately to emphasize its importance as well as provide an input to the reviewing officers when appraisals go to them for review / moderation.

e. The Rating Scale:

i. In the Performance Appraisal System, ratings are given for accomplishments separately. The rating on accomplishments is to be based on achievements vis-a-vis goals and targets after analyzing the factors which either favorably or adversely affected the employee's performance.

ii. The overall rating is given based on the accomplishments, the managerial abilities /competence areas as well as strengths and weaknesses of the employee as related to his performance. While giving the overall rating, it is to be noted that accomplishments / performance is a very important factor in the Performance Appraisal System. Thus when the overall rating is recorded as better than the rating on accomplishments, the performance appraisal is taken up with the concerned countersigning authority for review / revision.

iii. A five point rating scale is used in HPCL-Visakh Refinery Appraisal System.

iv. The definitions of the ratings are clearly indicated in the guidelines for appraisers of the Performance Appraisal Form and are to be strictly adhered to in order to avoid the common pitfall of over rating employees.

The appraisal system is the cornerstone of HRD activities as it is the major source of input to decisions regarding placement, promotions, training and development. It is to be noted, however, that proper filling up of the appraisal form is the mainstay of the system and not the framework/format. Objective and meaningful inputs from appraisals are absolutely essential for Management decision making. The onus of making
this system a success lies with each officer in his role as Appraiser and Appraisee. For Non-management employee’s a separate performance appraisal form is available which should be filled by the appraiser.

3. Welfare

3.1 HOUSING LOAN POLICY

3.1.1 Object of the Scheme

1) The Corporation has introduced a scheme for the grant of housing loan to its employees as a welfare measure. This scheme is subject to review from time to time and subject to availability of funds. For implementing this scheme, the corporation has framed the following rules and regulations

2) The grant of housing loan under this scheme shall be at the absolute discretion of the Corporation and subject to availability of funds.

3.1.2 Eligibility

Housing Loan may be granted by the Corporation in its sole discretion to any of the permanent employees who have completed 5 years of service with the Corporation and who in the Corporation’s assessment are able to repay the loan through the deductions from the salary within the prescribed time limit.

3.1.3 Purpose for which housing loan can be granted

A loan, subject to availability of funds, and other considerations of eligibility etc. may be granted by the Corporation in its sole discretion, for the following purposes:

1) Acquisition / purchase of land (freehold/leasehold) and construction of a house or tenement thereon within 3 months period.

2) Construction of a house/ tenement on land already owned or purchased by the employee or acquired on long term lease in favour of the employee. In case of
lease hold land, the residual unexpired lease period thereof may be minimum 25 years as on the date of sanction of the loan.

3) Acquisition or purchase of a house/tenement already constructed and ready for occupation.

4) Extension, enlargement and/or modification of a house/flat owned by the employee.

3.1.4 Quantum of Loan

Without in any manner affecting the discretion of the Corporation, the amount of loan that may be granted by the Corporation to any employee under these Rules will be on the basis set out below, which shall serve only as a guideline and shall not be construed as any commitment on the part of the Corporation.

i. For the purpose other than extension/enlargement/modification of already owned house the loan amount shall not exceed –

a. The actual cost of or purchase/acquisition price of the land/house and/or the cost of construction of the house/flat/tenement

OR

b. Non Management employees - ₹10 lakhs Management - Salary Grade A/B/C - ₹12 lakhs
   Salary Grade D/E/F - ₹14 lakhs Salary Grade G & Above - ₹16 lakhs The above entitlement is inclusive of stamp duty/registration charges.

ii. For extension/enlargement and/or modification of house/flat/tenement already owned by the employee thru his/her funds, housing loan will be restricted to 50% of the ceiling limit prescribed as above or actual cost of extension/enlargement, whichever is less, subject to balance service.
### 3.1.5 Repeat Housing Loan

1. **Eligibility**:

   Repeat housing loan is admissible after a period of five years from the date of sanction of the previous housing loan. This is a one time facility during one's service of the Corporation.

2. **Quantum of Loan**:

   a. **For acquisition of new property**:

      In case of acquisition of new property, the quantum of loan of repeat housing loan will be limited to the difference between the employee's current maximum housing loan entitlement and the amount of housing loan drawn earlier plus the outstanding housing loan and interest refunded by the employee in lumpsum or the cost of new property or 100 times Basic + DA, or the revised ceiling limit.

      Repeat Housing Loan will be granted to employees without insisting on the sale of the house / flat / tenement, inherited / acquired / purchased through their own funds, provided the new property purchased should not be in the same city where he / she already owns a house.

   b. **For extension / enlargement of existing house acquired thru Corporation housing loan**:

      1) In case of employees who have acquired the house/flat through Corporation's housing loan and wish to further extend / enlarge / modify the existing house/flat, the quantum of repeat housing loan will be limited to the difference between the employee's current maximum housing loan entitlement.

      2) In cases where the employee is constructing his own house, he would be required to make payments to the contractors/ suppliers within 60 days of receipt of the cheque. Failure to make payments within 60 days of receipt would attract penal interest as given above. Such penal interest would be calculated for the period of
delay beyond the stipulated period mentioned above and would be added to the total interest accrued on housing loan.

3.1.6 Disbursement of loan

1) As far as possible the loan will be disbursed in instalments keeping in view the projected expenditure/ expenditure incurred for the purpose as well as the need to build up adequate securities and insurance to safeguard Corporation's interests.

2) For the purpose of disbursement of the sanctioned loan, the Corporation will, wherever possible, taking in to account the circumstances of each case, prescribe the time schedule to be set by the employee in the acquisition /construction / extension of the house/ flat/tenement.

3.1.7 Repayment and Recovery :

i. The loan granted to the employee under these rules together with interest thereon shall be repaid in full by monthly instalments within a period not exceeding 25 years. Firstly, the recovery of the principal housing loan shall be made in not more than 240 monthly instalments and then interest shall be recovered in not more than 60 monthly instalments.

4. General

4.1 Medical Insurance Policy

The Medical Insurance Policy of the Corporation is underwritten by New India Assurance Co. Ltd, and is renewed annually in April.

Eligibility

An employee (Management and Non Management) is eligible for enrolment under the Medical Insurance Policy along with :

a. His / her spouse provided he/she is not covered / claiming medical benefits under any other Medical Insurance Scheme.
b. Unmarried dependent children (first two children)

**Covered Medical Expenses**

Covered Medical Expenses are reasonable and customary charges incurred for treatment of an illness/injury by an insured person except for specific exclusions provided in the policy.

4.2 **Group personal Accident Insurance Policy for Regular Employees**

The Group Personal Accident Insurance Policy for HPCL is underwritten by the New India Assurance Co. Ltd

**Eligibility**

All regular employees of Marketing and Refineries Division are eligible for coverage under this policy.

**Benefits**

The policy provides compensation to an insured person who sustains bodily injury as a result of an accident.

**Coverage Compensation**

a. Death The capital sum insured (CSI)

b. Loss of 2 limbs or 2 eyes or one limb and one eye The capital sum insured

c. Loss of one limb or one eye 50% of the capital sum insured

d. Permanent total disablement from injuries other than those named above The capital sum insured

e. Permanent partial Disablement (PPD) % of CSI as shown in Annexure IX
Temporary Total Disablement (TTD) At 1% of CSI upto 100 weeks (max weekly benefits not exceeding ₹3000/-). However, limited to CSI.

**Insurance Coverage**

The maximum limit for the purpose of coverage will not exceed 24 months gross salary respectively. In other words, an employee covered can have a total coverage of 48 months gross salary.

**Premium**

The premium rates under the Group Policy are based on the class of risk in which the employee's job is classified.

**Claims**

The employee is required to inform HQO HR Depts of Refineries /HR Zone as soon as practicable but not later than 14 days in the event of an accident. Thereafter, a claim form will be sent to the employee. The claim form should be completed by the employee and certificate on the reverse of the claim form should be completed by the registered medical practitioner treating the nursed person as soon as possible and in any event within a month of the accident.

**4.3 MEDICAL ADVANCE**

**Eligibility**:

a. All regular employees on active payroll of the Corporation and who are covered under the Medical Insurance Scheme underwritten by New India Assurance Co. Ltd

**Note**:

Probationers, apprentices, temporary or casual employees and persons on contract service are not covered under the said medical advance policy.
**Purpose of medical advance:**

To meet heavy and emergency medical expenses towards hospitalization /treatment for:

a. Major illnesses such as heart/brain disease, cancer, renal failure, tuberculosis, diabetic coma or major treatment involving hospitalisation and advance payments to the hospital.

b. Chronic illnesses like coronary /valvular heart disease, bronchial asthma, respiratory failure or any other major ailment with hospitalisation.

**Note:**

Medical Advance will not be considered for planned treatment or elective admission to hospital or continuous treatment for ailments. However, Medical Advisor / Chief Medical Advisor may approve the Medical Advance depending upon the merit of each case.

**Quantum of Medical Advance:**

Employees covered under the Medical Insurance Scheme may be granted advances where the medical estimated expenses are likely to be ₹25,000/- and above subject to a maximum of annual limits as applicable under the Medical Insurance Scheme less any expenditure reimbursed by New India Assurance Co. for the same ailment for the same person during the current year. Such advance is to be recovered from the reimbursement received from New India Assurance against medical claim as settled by them. Any remaining balance will be recovered from the employees salary in monthly instalments not exceeding 12.

**Procedure:**

a. Employee seeking medical advance as above, are required to submit a written request alongwith an estimate from the hospital / attending surgeon /doctor, of the likely expenses to be incurred for hospitalisation /treatment and the approximate duration of the treatment. In case the employee himself is involved in hospitalisation for treatment and is not in a physical condition to
make a written request, such request can be made by the spouse or by any other adult member of the family covered under this policy.

b. The request will be submitted to the approving authorities through the concerned Department Heads for review and approval. For advance upto ₹ 50,000/- Approving authorities for advance Estimate to be approved by:

i. Management / Non Management employees, HQO, PH
   Sr./Chief Manager- HR (CM), HQO, PH-7 Chief Medical Advisor, HQO

ii. Non Management employees of Mktg Div. in HQO, HB Mumbai other than zones/Region
   DGM-HR(Mktg) Local CDP/Medical Advisor, HB

iii. Mgmt / Non Mgmt employees of the zones
   Respective zonal HR incharge Local CDP

iv Management/Non Management employees of Refineries
   DGM-HR of the respective Refineries Local

   CDP/Sr.Medical Officers.

   **For Advance over ₹ 50000/-**

   Request of medical advance in excess of ₹ 50000/- would be referred through the Dept Heads concerned/local approving authorities as 7.6.4
4.4 FAMILY PLANNING INCENTIVE SCHEMES

Eligibility :

a. Employees/ spouses who undergo sterilization operation after one/two or three children are entitled for a one time cash award of r 1000/- provided they are within the reproductive age group as given below :

- 25-50 years of age for male employees
- 22-45 years of age for male employees' spouses
- 22-45 years of age for female employees
- Not over 50 years of age for female employees' spouses

b. Sterilization operation should have taken place after the employees' appointment in the Corporation and not before.

Leave :

An employee is entitled to special casual leave as under : a. Male employees who undergo sterilization operation (Vasectomy - upto 6 calendar days)

b. Female employees who undergo non puerperal tubectomy operation - upto 14 calendar days.

c. Female employees who have had IUD insertion - one day.

d. Male employees whose wives undergo non -puerperal tubectomy operation - upto 7 calendar days provided -

i. The presence of the employee is essential during the wife's convalescence after the operation.

ii. A medical certificate is produced from the Doctor who performed the operation
4.5 EDUCATION GROWTH PLAN/ (Education Refund Plan)

The Education Growth Plan (earlier known as Education Refund Plan) has been framed with the objective of encouraging self-development of employees and meeting the business requirement of enhanced competencies. The policy has been reviewed and is revised to encourage a larger number of employees to enhance their capabilities through higher education to enable the Corporation succeed in a competitive environment.

**Management:** The employee may undertake either only one course or multiple courses during his/her services within overall financial eligibility limit of Rs: **1,50,000/-**

**Non-Management:** The employee may undertake either only one course or multiple courses during his/her services within overall financial eligibility limit of **Rs: 60,000/-**

The officers promoted from Non-Management to Management are eligible to overall limit of Rs: 1,50,000/- for entire service period including the reimbursement, if any, during his/her service in Non-Management.

**Criteria for sanctioning EGP / ERP:**

a. All regular employees with a minimum of one year of continuous service with the company are eligible to participate in this plan.

b. The courses undertaken should be related to the employee's basic educational qualification and relevant to the employee's responsibilities.

c. The courses selected should be such as to make a direct contribution to :-

1. Maintaining or improving skills and/or competency of the employee on the job.

2. The employee's actual or potential value to the Company i.e. related to the current or likely future assignment of the employee.

d. All the diploma, degree, post-graduate degree /diploma Courses in Management, Law and Finance etc. requiring examination or test at the conclusion of the studies, resulting in
award of diploma, degree or certificate and offered by institutions affiliated to recognized universities will be permissible under this plan.

e. Studies should be pursued outside the employee's work hours and without impairment to his/her job. No leave of absence is permissible for participation in the course which is to be taken on the employee's own time.

f. Only one course will be permitted at a time. If more than one course is taken at a time, reimbursement will be allowed for only one course per year.

g. Reimbursement will be subject to passing examinations during the year. In case the employee is unable to complete the course within the stipulated period, a grace period of one year will be provided. For employees who do not complete the course even during the grace period, amount already paid will be recovered with interest.

h. The reimbursement for ‘learning driving’ is not under the purview of ERP policy. The same shall be reimbursed to the concerned employee directly at a maximum rate of Rs 2000/- on a one time basis. Approval shall be given only on a job need basis i.e. if employee’s job responsibilities involve driving a vehicle during working hours. The concerned offices/locations may duly implement this revised policy.

Procedure:

a. The employee should apply in triplicate in the prescribed form available with Training Division. A copy of the prospectus giving details of the studies viz. subjects, fees, duration, date of commencement and other relevant information should be attached to the application. The application shall be reviewed and approved by the concerned Department Head. After approving, the same shall be forwarded to their respective HR Heads for giving clearance to the employee for enrolment in the course. The respective HR Head shall maintain the records.

b. Refund is granted after successful completion of the course or a stipulated unit thereof.
4.6 Merit Award Scheme for Employee’s Children

In order to motivate employee's children towards excellence in their academic studies, Corporation grants merit awards to children of employees of HPCL as detailed below:

The quantum of one time lumpsum Merit Award and other details regarding minimum qualifying marks, etc for merit award are as under : (Revised effective academic year 2002-2003). Effective academic year 2005-06, various full time vocational degree courses from recognized Universities / Management Institutes have been included for consideration of merit award.

Nature of Exam Minimum qualification marks Amount of Award (r)

SSC /Matric (High School)

80% or more aggregate marks (65% for SC/ST) 2,500/-

Intermediate / Higher Secondary 80% or more aggregate marks (65% for SC/ST) 2,800/-

Degree Courses - Arts & Commerce (Final Year)

60% or more aggregate marks (55% for SC/ST) 70% or more aggregate marks (65% for SC/ST) 2,500/-, 3,500/-

Degree Course – Science 70% or more aggregate marks (65% for SC/ST) 80% or more aggregate, marks (65% for SC/ST) 3,000/-, 3500/-

All full time Vocational Degree Courses from Recognized Universities / Management Institutes (Final Year) 60% or more aggregate marks (55% for SC/ST) 70% or more aggregate marks (65% for SC/ST) 2500/-, 3500/- All Professional Degree courses (Final Exam)
60% or more aggregate marks

(55% for SC/ST) 4,500/- Post Graduate courses such as LLB, LLM, MSC etc (Final exam) 70% or more aggregate marks (65% for SC/ST) 4,000/-

4.7 HP COLLEGE SCHOLARSHIP PROGRAMME

The Company is currently awarding 20 scholarship per year to deserving children of regular / retired employees/pensioners and of employee who die in company service. The scholarship is for post secondary school education in colleges or technical institutions of recognised standing.

Eligibility :

i. Children of regular / retired employees and of employees who die in service provided :

1. The Basic Salary + adhoc (i.e. excluding DA) or pension of the parent does not exceed ₹12000/- per month as of June 2004 OR

2. If the employee dies in service, he should have had a minimum of ten years service in the Company and the last basic salary should not exceed ₹12000/- per month.

ii. The candidate have completed the secondary school examination on namely Std X in the academic year 1990-91 (March /April1991) and has obtained admission in a recognised institute for Std XI /or equivalent or Bachelor's degree course or a technical diploma course, the duration of which is not less than 3 years. Attested legible copy of mark sheet/ certificate should be attached with the application.

iii. The candidate has obtained a minimum of 50% marks in std X/SSC exam (35% minimum for SC/ST candidates). Attested legible proof of admission from college/institute should be furnished with the application.
Terms of Scholarship:

a) The scholarship grant consists of ₹1200/- for each academic year. A copy of mark sheet/certificate, duly attested by a gazetted officer or the respective HPCL location head should be forwarded to Training Dept. at the end of each academic year/term/semester to enable payment of the subsequent installment.

b) Scholarships will be awarded on need basis, subject to merit consideration i.e. the scholarship will be awarded to the children of employees whose basic pay is lower.

c) Scholarship grant is discontinued if a candidate fails to maintain the required attendance at college or on an unfavorable academic report from the principal/Institute concerned or on, failure in annual examination, or if the student discontinues his studies.

d) The scholarship grant is payable for the full tenure of a Bachelor's degree course or technical diploma course subject to a maximum period of five years after passing Std X.

e) The scholarship is available for study to the attainment of one degree or diploma only and an extension of the scholarship will not be available for post graduate or post diploma studies.

4.8 SPORTS / RECREATIONAL FACILITIES

Annual Sports Meet:

Annual Sports Meet is organized at Mumbai which is open to all the Mumbai based employees, their spouse and dependent children up to the age of eighteen years.

The games included in the Sports Meet are 100 M, 200 M, 400 M 800 M and 1500 M Races, Long Jump, High Jump, Shortput, Discuss Throw and Javelin Throw. Location wise team championships are held for events like Tug-of-war, 4X100 M Relay and March Past. Different groups are formed for the children of the employees as per their
age and games such as 50 M, 100 M, Ball Throw and Sack Race are included for them. The Meet also has special games for the women, veterans and physically handicapped employees.

Effective 2005, it has been decided to organize separate Sports Meets at all the zones and Visakh Refinery. Subsequently, a contingent of 20 employees from each zone and Visakh Refinery will be participating in the Annual Sports Meet to be held in Mumbai in the events namely Tug-of-war (Men) and 4x100 M Race (Men & Women) as well as location wise March Past.

4.9 OTHER FACILITIES

HPCL provides other welfare facilities such as Festival Celebrations, Employee’s recreational clubs at residential colonies and work locations, service awards for long and dedicated service, think, share and win awards for the employees who provide creative suggestions in their work with resultant savings in the following areas such as

♦ Process improvement
♦ Cost control
♦ Product development
♦ Reduction in cycle time
♦ Inventory control
♦ Quality enhancement
♦ Value creation
♦ Any other suitable area
Every constructive idea from an employee shall be rewarded with a token gift, if an idea is accepted the employee will be rewarded minimum of Rs. 1,000/-, the maximum award for an accepted idea shall be 15% of the benefit accrued to the Corporation subject to a maximum of Rs. 1 lac, significant innovations that are accepted for larger implementation in the Corporation shall carry a minimum award of Rs. 25,000/- and a maximum of Rs. 1 lakh, the review and acceptance of ideas shall be made by the respective Departmental Committees.

Some of the details the researcher could capture from the HR Practices helped in incorporating the same into the study of HRD Climate and thus the particular knowledge helped in gaining better insights into the phenomenon under study.