Chapter IV

Hindustan Newsprint Limited: Profile

4.1 Industry Profile

The word paper has derived from the name of the reedy plant papyrus, which grows abundantly along the Nile River in Egypt. In ancient times, the fibrous layers within the stem of this plant were removed, placed side by side and crossed at right angles with another set of layers similarly arranged. The sheet so formed was damped and pressed up for drying the glue like sap of the plant acting as an adhesive cemented layer together to complete an indispensable element in modern paper making. Papyrus was most widely used writing material in ancient times and many papyrus records still survive.
Paper is the basic material for written communication and the dissemination of information. In addition, paper and paper board provide material for hundreds of other uses, such as wrapping, packaging, toweling, insulating and photography.

Paper is one of our important industrial products used for the production of books, magazines and newspapers. Educational institutions, government and industry cannot operate without paper. Other important paper products include cardboard which is used in packing and absorbent paper such as tissues and towels. The different types of paper being produced are paperboard and newsprint.

4.1.1 World Scenario

International trade in the paper industry has not been significant. In the world wide scenario, United State’s consumption of paper and cardboard averages about 300 kilogram per person each year. Nearly 64 million metric tons of paper and cardboards are produced in United States annually. Paper industry tends to be concentrated in those countries that are industrially advanced and have abundant supplies of fibrous raw material wood.

There is a large scale international trade for wood pulp; pulpwood is flowing from those countries with large forest resources to those countries that are underdeveloped. The Chinese are credited with the invention of paper in the world. From China the knowledge of papermaking moved gradually westward and Arabs are known to have made paper in eight countries. As the art progressed westward through Morocco and through Spain in Europe, the process was constantly improved.
4.1.2 Indian Scenario

Newsprint is a special type of paper used for newspapers and magazines. At present there are 22 newsprint manufacturing units in our country with a total capacity of 600000 tpa, of which 5 public sector units alone constitutes 63% of total production. Demand for newsprint, which is dependent on the literacy rate and growth of newspapers and magazine publishing industry has increased every year. Imports have a significant impact on the industry. In the past, newsprint pricing is expected to grow by around 6.5% per annum while supply may grow at a much slower pace resulting in increased imports.

The total manufacturing capacity of 6 lakhs tons constitutes by 22 mills manufacturing newsprint in the country of which 5 are public sector units. Wood based units constitute about 58% of the total capacity while agro and waste paper based units accounts for 23% and 19% of newsprint capacity respectively.

The Indian paper industry has been exposed to direct competition from international players in the recent times after import duties where lowered to favour the entry of such competitors. From a high rate of 140%, the duties were reduced to a low of 20% in a span of 5 years. The import duties have been currently fixed at 30%. The newsprint mills have been adversely affected by this decision of the government. Due to overall all rise in costs, the paper mill began activities to generate the economies of scale. Several mills went on a cost cutting measure by generating their own power and electricity via cogeneration. The medium sized paper mills too followed the same copying the success of the large scale mills. In spite of these measures, the Indian paper industry still confronts various other challenges, such as uncertainty in market conditions, multi facet competitions and various certification norms. Due to
these reasons some small companies are compelled to shut down as they could not meet the rising cost of operation and could not confirm to the norms and standards set by the Pollution Control Board.

The share of newsprint in the total cost of production of newspapers is likely to vary across newspapers and over time. However, the fact that this share for the Hindustan Times group of newspapers in India is currently around 40 to 50 per cent shows that newsprint is a major material input into production of newspapers (HT Media Ltd, 2006).

Over the 25 years, production, imports, exports and consumption of newsprint in India have all had rising trends. Some computed trend growth rates indicated that the average annual growth rate of production was 7.6 per cent, imports 5.4 per cent and consumption 6 per cent. In the first half of the period, the consumption growth rate was 3.8 per cent a year; the rate more than doubled to 8.8 per cent in the second half, indicating acceleration in newsprint consumption by India's newspapers.

4.1.3 State Scenario

HNL is a government company in the central public sector. Hindustan Newsprint Ltd. was incorporated as a wholly owned subsidiary of the Hindustan Paper Corporation Limited (HPC) on June 07, 1983. HNL produces exceptional quality newsprint for the Indian and international market. The strength properties of HNL newsprint are comparable to the best in world market. In 1998, HNL become one of the first newsprint manufactures in the country to achieve the coveted ISO-9002 certification.
4.1.4 Major Players in India and Competition in the Industry

**National level**
- Mysore Paper Mill
- Rama Newsprint Paper Mill Limited

**International level**
- Russia
- Canada
- Finland
- China and other Asian countries

Hindustan Newsprint Limited has not been facing much competition from major Indian manufactures, as these mills serve newsprint in respected regions.

Today, HNL produces exceptional quality newsprint for the Indian and international market. The strengths of Hindustan Newsprint are comparable to the best in the world market. The quality management system has been certified to ISO 9001:2000 in November 2002. HNL is also certified to ISO 14001:1996 in October 2000 for its environment management system.

4.2 Company Profile

HINDUSTAN NEWSPRINT LIMITED
Hindustan Paper Corporation Ltd. (HPC) is a company promoted by the Government of India (GoI). HPC was incorporated as a Private Limited company in 1970. HPC has set up two units namely Nagaon Paper Mills (NPM), which commenced production in October, 1985, and Cachar Paper Mill (CPM) in April, 1988.

HPC is one of the largest manufacturers of writing & printing paper in India with an installed capacity of 200,000 Tons Per Annum (TPA) (excluding its subsidiaries). The company is engaged in the manufacture and sale of various varieties of writing & printing paper and newsprint and also small quantities of caustic soda and chlorine. The NPM and CPM units of HPC are located at Jagiroad, District Moregaon, and Panchgram, District Hailakandi, in Assam respectively.

The company has two subsidiaries namely Hindustan Newsprint Ltd (HNL) and Nagaland Pulp and Paper Company Ltd. (NPPC).

Hindustan Newsprint Limited, a Government of India Enterprise, has always been a front-runner in the Newsprint segment of the pulp & paper industry offering the best quality newsprint at competitive prices to the Indian print media. HNL’s extensive contributions to the society, place it among the more responsible and responsive corporate in the country.

4.2.1 The Company

Hindustan Newsprint Limited (HNL), located at Velloor in Kottayam District in Kerala, is a Government of India (Central Public Sector) Enterprise under the administrative jurisdiction of the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises. HNL was incorporated as a wholly owned subsidiary of the Hindustan Paper Corporation Limited (HPC) on June 07, 1983.
4.2.2 Quality & Recognition

HNL Mile-stones

May 29, 1970 – HPC established by Govt. of India

1976 – HPC launched Kerala Newsprint of India

<table>
<thead>
<tr>
<th>NAME</th>
<th>Hindustan Newsprint Limited (HNL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDUSTRY</td>
<td>Pulp &amp; Paper</td>
</tr>
</tbody>
</table>
| ADDRESS | Newsprint Nagar P.O,
Mavellore, Kottayam District,
Kerala State, India – 686 616 |
| PRODUCTS | Newsprint |
| EMPLOYEES | 909 (as on 31.03.2011) |
| ANNUAL INSTALLED CAPACITY | 1,00,000 tonnes |
| RAW MATERIAL | Reeds, Bamboo, Eucalyptus, Acacia |
| MANAGING DIRECTOR | Shri. M.V. Narasimha Rao |
| DIRECTORS | Shri. Subhendra Nath Bhattacharyya, Shri Sunil Kumar Singh &
Shri. Thotanchath Balakrishnan |
| WEB SITE | www.hindustannewsprintlimited.com |
Feb.26, 1982 – Kerala Newsprint Mill rolled out the first newsprint reel

Nov.01, 1982 – First Commercial production by Kerala Newsprint Mill

June 07, 1983 – HNL was incorporated as a wholly owned subsidiary of HPC Ltd.

Oct.01, 1983 – HNL took over the business of Kerala Newsprint Mill

In 1998, HNL became one of the first newsprint manufacturers in the country to achieve the ISO-9002 certification. The Quality Management System has been recertified to ISO 9001: 2000 in November 2002. HNL is also certified to ISO 14001: 1996 in October 2000 for its Environment Management System. The EMS was recertified in 2003. HNL has been awarded with Occupational Health and Safety Assessment System (OHSAS 18001:2007) certification from Bureau Veritas Certification (India) Private Limited in July 2008.

4.2.3 Vision & Mission

Vision

• To be the dominant player in the mass consumption segment of writing & printing paper
• To be the foremost and largest producer of quality newsprint

Mission

• To operate large capacity integrated newsprint/paper mills on sound commercial principles
• To continuously upgrade plant and equipment, upscale production output and enhance market share within the country and outside.
4.2.4 Plant Location

The paper mill is situated at Velloor, Kottayam District, about 40 km south of Kochi, Kerala. The site is well connected by road as well as rail, the distance by rail being 31 km from Kottayam and 29 km from Ernakulam, the two nearest cities. The nearest railway station is Piravam Road, about a kilometer from the site. The nearest airport is Kochi International Airport at Nedumbasseri about 65 km from the site. The nearest seaport is at Kochi about 40 km northwest.

The location offers advantages to the company in terms of proximity to raw material sources (most of which are within a distance of 60-200 km) from the site, port facilities at Kochi, through which imports of inputs like waste paper and coal takes place, and proximity to the river Muvattaupuzha, a perennial source. Further, nearly half of the newsprint produced by HNL is utilized within Kerala.

The site occupies a total area of 282.87 ha on the banks of the river Muvattupuzha and has been developed into a small township named as Newsprint Nagar. An area of 93 ha is utilized for various plant units, 50 ha is used for the staff colony, 10 ha is used for railway siding facility and 20 ha is used by Cochin Cements Ltd., a cement plant that utilizes the fly ash from HNL. The present vacant area of land is enough to meet the requirement for the proposed EDP plant.

4.2.5 Technology

HNL is the first mill in India to produce newsprint with eucalyptus wood. Newsprint in HNL is produced with 55% chemi-mechanical pulp 30% and 15% chemical pulp. HNL installed its modern de-inking plant in 2002.
Voith GMBH machine can run at the speed of 750 meters / minute and can produce 44 to 54 GSM paper on the trim width of 6.8 meters.

4.2.6 Customers

Newsprint is the major input for the newspaper industry. Quality newsprint provides excellent prints to satisfy the discerning and demanding readers - the ultimate customers of the product. HNL commands leadership position in the domestic newsprint market. Our current product range is from 48.8 GSM to 45 GSM, standard and pink newsprint. Newspapers printed on HNL newsprint greet millions of Indians, every morning. It is the information carrier to millions. HNL Newsprint is preferred by major publishing houses in the country. Malayala Manorama, Mathrubhumi, Deshabhimani, Kerala Kaumudi, Mangalam, Madhyamam, The Hindu, The New Indian Express, Sanmarg, Ananda Bazaar Patrika, Eenadu, Vartha, Andhra Jyothi, Vijay Anand Printers, Deccan Chronicle, Deccan Herald, Lokprakashan, Dinamalar, Sandesh, Thuglak, Kalki, Rashtra Deepika, Chandrika etc. are the major customers of HNL across the country. HNL is also establishing its market in Sri Lanka and Malaysia.

4.2.7 Products

Hindustan Newsprint Limited, a Government of India Enterprise, uses advanced technology and eco friendly raw materials and processes to produce superior quality newsprint. Newsprint is used in the printing of newspapers, flyers, and other printed material intended for mass

<table>
<thead>
<tr>
<th>Salient Features</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grammage</td>
<td>48.8 / 45 GSM</td>
</tr>
<tr>
<td>Colour</td>
<td>Standard / Pink</td>
</tr>
<tr>
<td>Brightness</td>
<td>55 - 58 % ISO</td>
</tr>
<tr>
<td>Size of reel</td>
<td>34 cm to 163 cm</td>
</tr>
</tbody>
</table>
distribution. The consumers of newsprint include printers or publishers of newspapers, periodicals, textbooks or books of general interest.

4.2.8 Diversity in range

HNL produces a wide range of newsprint grades. Initially, the company produced 52 GSM (Grams per Square Meter) newsprint. Later, to meet changing market demands, HNL commenced production of 48.8 GSM newsprint. With increasing demand for lower GSM newsprint, HNL started production of 45 GSM newsprint also. HNL maintains consistent quality in all grades of newsprint that it manufactures.

4.2.9 Better brightness, better product

At the time of commissioning in 1982, HNL produced newsprint with just 48-50% ISO brightness. Later, it switched over to a superior and eco-friendly technology in bleaching using Hydrogen Peroxide (H₂O₂). This change enhanced the brightness to 53-55% ISO. The company’s competitors soon followed the suit. Always a step ahead, HNL further advanced the brightness levels and is at present producing newsprint with 55-58% ISO. HNL expresses brightness on ISO standard which when converted into conventional units is higher by 3 points.

Today, brightness level is at par with that of imported newsprint. Further improvements are possible by putting a premium value on the product.

4.2.10 Quality

HNL Newsprint is of superior quality and comparable to world-class and hence HNL commands an enviable position in the domestic newsprint market, today. HNL is highly customer focussed and enjoys exclusive patronage with top dailies in India. Periodical visits are made by HNL’s
production managers to newspaper establishments to understand the customer demands. It is found that press room operators favour HNL newsprint for its excellent runnability and printing properties.

The production technology at HNL is modified to exactly match the requirements of sophisticated high-speed printing machines. The quality of the product is given primary importance in the quality policy at HNL.

4.2.11 Performance highlights

HNL has a consistent record of full capacity production and surplus generation for over a decade now. The quality of its product is at par with the best in the global market. As a responsible corporate citizen, the Mill has been a catalyst for socio-economic growth of the people in the area. Some of its recent achievements are:

- Chosen as "Nodal Newsprint Mill" by Network for Industrial Environment Management (NIEM) for Asia-Pacific region.
- Ranked fourth (2 Leaves) in the first Ever Green Rating for environmental and forestry performance among the Large Pulp & Paper Industry units in the country.
- Shram-Shri Award won by its employee Shri S. M. Basha. He is the first recipient of the award from Kerala and also the first in the Indian Pulp and Paper Industry. The award was given away by the Prime Minister on 24.2.2001.
- Chosen for Mini-Ratna Category I Status among the Public Sector Enterprises
• Achieved Zero stock consecutively during the last 4 years

4.2.12 Other major achievements

• ISO-9001:2000 Quality Management System (QMS)

• Environmental Management System (EMS) accredited with ISO-14001 certification in October, 2000 by M/s. BVQI, UKAS

• HNL Township is also included in the ISO-14001 certification

4.3 Capital Structure & Shareholding Pattern

The capital structure of the company as on 31\textsuperscript{st} March 2011 is as follows:

<table>
<thead>
<tr>
<th>Authorized capital</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000,000 equity shares of Rs. 10/- each</td>
<td>Rs. 100.00 crores</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued, Subscribed and Paid up</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9,99,99,900 equity shares of Rs. 10/- each</td>
<td>Rs. 99.99 crores</td>
</tr>
</tbody>
</table>

The entire shareholding of the company is held by HPC and its nominees.

4.4 Management & Organization Structure

Board of Directors

As per the provisions of Memorandum and Articles of Association of HNL, it can have a minimum of 2 directors and a maximum of 12 directors. The Chairman and Managing Director of HPC shall be the Chairman of HNL. All the other members of the Board including the Managing Director shall be
appointed by HPC. Financial institutions from which the company has borrowed money shall be entitled to appoint and remove one of their nominees on the Board of the company, subject to an overall limit of three nominee directors from the Financial Institutions. The Board of Directors constitute:

Shri. M.V. Narasimha Rao (Chairman cum Managing Director)

He is the Chairman cum Managing Director of Hindustan Paper Corporation Ltd. (HPC), the holding company of HNL. He is a Fellow member of the Institute of Chartered Accountants of India.

Shri. S.N. Bhattacharyya (Director)

Shri. Sunil Kumar Singh (Nominee Director)

Shri. Thotanchath Balakrishnan (Nominee Director)

4.4.1 Pool of Employees

HNL has a rich pool of qualified and experienced managerial and technical personnel with total staff strength of 909 permanent employees, out of which 173 employees are executive, 87 are supervisors and seniors, 652 workers. The company has a good strength of contract workers also. The company has a harmonious industrial relation with the management and trade unions.

As on 31st March 2011, HNL is having total staff strength of 909 on its rolls and the breakup of the same is as follows:
Table 4.1
Employment status in HNL as on 31-3-2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Number employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>173</td>
</tr>
<tr>
<td>Supervisors</td>
<td>84</td>
</tr>
<tr>
<td>Workmen</td>
<td>652</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>909</strong></td>
</tr>
</tbody>
</table>

Source: Company records

4.4.2 Work Scheduling

The following four shifts are practicing at HNL i.e. General shift, A Shift, B Shift, C Shift. The timing is as follows:

General Shift : 9 AM to 5.15 PM
A Shift : 6 AM to 2 PM
B Shift : 2 PM to 10 PM
C Shift : 10 PM to 6AM

4.4.3 Earnings per shares

The earnings per share of the company during various years are as follows:
### Table 4.2

Earnings per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Face value of a share</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2007</td>
<td>10</td>
<td>3.87</td>
</tr>
<tr>
<td>2007-2008</td>
<td>10</td>
<td>1.39</td>
</tr>
<tr>
<td>2008-2009</td>
<td>10</td>
<td>1.26</td>
</tr>
<tr>
<td>2009-2010</td>
<td>10</td>
<td>(4.80)</td>
</tr>
<tr>
<td>2010-2011</td>
<td>10</td>
<td>5.04</td>
</tr>
</tbody>
</table>

Source: Company records

#### 4.4.4. Progress made by HNL

HNL has made steady progress in all its activities ever since commissioning in the early 1980’s. Production, productivity and profitability were continuously registering upward trends. During the year 2003-04, HNL could achieve a peak production of 1,12,555 tones of 49/45 GSM Newsprint. In matters of Human Resource development, HNL has made spectacular progress. The officers and employees have been continuously upgrading and sharpening their knowledge, skills and innate capabilities. They form a dedicated and committed team. It is this dedicated team of officers and employees, which is responsible for the continuous progress made by the company in fulfilling its objective.
4.5  Product Profile

HNL produces a wide range of newsprint grades. Initially, the company was producing 52 GSM (Grams per Square Meter) newsprint. Later, to meet changing market demands, HNL commenced production of 48.8 GSM newsprint. As requirement for newsprint with still lower GSM increased, HNL started production of 45 GSM newsprint also. HNL maintains consistent quality in all grades of newsprint that it manufactures. At the time of commissioning in 1982, HNL was producing newsprint having brightness of just 48-50 % ISO. Later, it switched over to a superior and eco-friendly technology in bleaching using Hydrogen Peroxide (H$_2$O$_2$). This change enhanced the brightness to 53-55% ISO. The company's competitors soon followed the suit. Always a step ahead, HNL further advanced the brightness levels and is at present producing newsprint with 55 - 58 % ISO.
4.5.1 Truly world-class

HNL produces exceptional quality newsprint for the Indian and International market, which is comparable with the best in the global market. The company has an installed capacity of 1,00,000 MT per annum for producing 49 & 45 GSM newsprint. HNL, with its state-of-the-art technology, has emerged as a company that is truly contemporary, within a short span of operation, and today, caters to the requirement of all major News Dailies in the country.

4.5.2 Awards

*State Pollution Control Board Award*

Hindustan Newsprint Limited bagged the second prize for pollution control activities in the category of large-scale industries, instituted by Kerala State Pollution Control Board for the year 2007. The award was a true recognition to the sustained efforts and commitment of HNL in preserving the environment.

*MoU Excellence Award*

Hindustan Paper Corporation was bestowed with the prestigious MoU Excellence Award for performance during the FY 2005-06. The Memorandum of Understanding (MoU) is a mutually negotiated agreement between the Public Sector Enterprises (PSEs) and the Government of India. Under this agreement, a PSE undertakes to achieve the targets set out at the beginning of each financial year. The MoU covers both financial and non-financial parameters and the performance is measured on a weighted 5 point scale. The MoU award is given only to the top ten PSEs securing excellent rating.
National Energy Conservation Award

Hindustan Newsprint Limited has been selected for the certificate of Merit in the Pulp and Paper sector for the National Energy Conservation Awards-2005.

4.5.3 Certifications

ISO-9001 - International recognition

In 1998, HNL became one of the first newsprint manufacturers in the country to achieve the ISO-9002 certification. The Quality Management System has been recertified to ISO 9001:2000 in November 2002. The QMS was further upgraded to ISO 9001:2000 in December 2005.

ISO-14001 - International recognition

HNL was certified to ISO 14001:1996 in October 2000 for its Environment Management System. The EMS was recertified in 2003. EMS system was further upgraded to ISO 14001:2004 in April 2006.

OHSAS 18001:2007-International recognition

HNL was certified with OHSAS 18001:2007 on 28th July 2008 by Bureau Veritas Certification (India) Pvt. Limited for the excellent methods adopted by HNL for ensuring occupational health and safety.

4.6 Production Process

Input Requirements

- Fibrous raw materials like wood, reed, bamboo etc.
- Old Newspaper (ONP) and Old Magazines (OMG) for De-Inking Plant
- Chemicals used in pulp and paper making like caustic soda, hydrogen peroxide etc.
- Packing materials like Kraft paper, grey board etc
- Imported machineries and spares
- General spares like motors, bearings etc.
- Fuels like coal, furnace oil etc.

4.6.1 **Fibrous raw material**

HNL meets a major portion of its requirement for fibrous raw materials from forest sources. The credit for the superior quality of HNL newsprint goes to the unique raw material- Reed (Ochlandra travancorica) which is a specialty of Kerala forests. The company has a long-term agreement with the Government of Kerala for the supply of Eucalyptus wood and Reed from State forests. Dwindling forest resources has led to this supply getting diminished in the past few years.

HNL has developed appropriate alternatives by:

- Raising captive plantations using own resources and technical know-how on land allotted for that purpose by Govt. of Kerala, and also on vacant land made available by various institutions like Railways.

- Encouraging pulp wood cultivation on agricultural land through implementation of farm forestry schemes.

- Procuring raw materials from neighbour States where they are available.

- Buying Eucalyptus, Bamboo and other pulpable raw materials from local suppliers and farmers directly under "Purchase at Gate" scheme.
• Farm forestry scheme is implemented with the active participation of voluntary and Non Governmental Organizations (NGOs). Pulp wood seedlings of various species such as Eucalyptus, Acacia, Mangium, Bamboo, Reeds etc. are distributed through NGOs.

• High yielding clonal pulp wood plantlets developed at HNL clonal complex are also distributed at subsidised rates. Approximately 155 lakhs seedlings have been distributed through this scheme among farmers all over Kerala.

• Purchase at gate scheme was launched in 1998 as a complementary programme to Farm Forestry Scheme. As per this scheme, pulp wood materials are purchased directly from farmers at a remunerative price at the company gate doing away with middle men.

4.6.2 Existing Plant & Process

HNL’s major process facilities presently comprise of one paper machine, a chemical pulp mill, a chemi-mechanical pulp mill and a deinking plant. The chipper house is equipped with three Pallmann chippers, each with normal running capacity of 20 BDMT/hr for chipping bamboo/reed and two wood chippers, each with normal running capacity of 39.3 BDMT/hr. Reed/bamboo are seasoned for about 3-6 months before chipping for better strength, cleaner pulp, lesser rejects and lower caustic consumption. However, wood is debarked manually in the forest itself for better quality of pulp. For chip storage, one wood chip silo of 300 BDMT and one reed chip silo of 200 BDMT are provided. Full capacity utilization has not been reached due to feeding limitations. No modification in chipping system is proposed in the EDP.
4.6.3 Chemical Pulp and Chemi-Mechanical Pulping Facilities

The Chemical Pulp (CP) mill has a capacity of 34,400 Bone Dry Tons Per Annum (BDMTPA) and the Chemi-Mechanical Pulp (CMP) mill has a capacity to produce 60,000 BDMTPA.

The basic component of paper is cellulose fibers and the binding material in the fiber is lignin. In order to separate the fibers, the lignin has to be removed. In chemical pulping, this is done by solubilizing the lignin in alkali. Chemical pulp is prepared from reed and bamboo while chemi-mechanical pulp is produced from wood.

In mechanical pulping, fiber separation is effected by mechanical means without removal of lignin. Paper made from CMP as the major component is brittle due to the presence of high amount of lignin and short
fibres and may not facilitate a smooth run on modern high-speed printing press. This drawback of CMP can be eliminated by the addition of appropriate quantities of CP with long fibre content, which balances the strength and runnability of paper machine.

CMP mill uses Eucalyptus, Acacia and other wood fibre material and produces pulp having brightness of 65 – 66% ISO. The CMP consists of chip washing system, steaming vessel, screw press, impregnator followed by three stage atmospheric refining by raffinators, dewatering press, unbleach washer and disc thickeners. The pulp produced is subjected to bleaching with hydrogen peroxide in bleaching towers to eliminate the toxic chlorinated compounds and reduce the BOD and COD load in the effluent discharged. The cleaned pulp is acidified to a pH of 6 by addition of sulphuric acid, thickened in Dorr-Oliver disc filter and stored in a high density storage tower for supply to the Paper Machine. The installed capacity of CMP mill is 227 TPD and the normal running capacity is 170 TPD.

Figure 4.2
Process flow

Source: Company records
The CP is produced by conventional sulphate process employing five stationary vertical digesters, a washing and screening system and a bleaching system. The main raw material for CP is reed and bamboo chips. The pulp produced here is bleached with chlorine in the first stage and hydrogen peroxide in the second stage and thickened and stored in a high density bleach storage tower. The present operating capacity of CP plant is 17,000 BDMTPA against an installed capacity of 31,000 BDMTPA. The EDP does not propose any expansion for CMP and CP stream.

**4.6.4 Deinking Plant**

The de-inked pulp plant was commissioned in 2002 as an alternative to conventional pulping technologies. DIP produces about 33,000 BDMTPA. Currently the capacity is fully utilized. The de-inking installation of HNL is based on a single loop de-inking system comprising of waste paper pulping, coarse cleaning and screening, fine screening, flotation, fine cleaning, washing, thickening, dispersing, reductive bleaching and storage. The installed capacity of the plant is 100 TPD.

De-inking is a separation process aimed at recovering the fibre for reuse from waste paper. The utility consumption figures for the process are considerably less in comparison with virgin pulp preparation.

First stage of De-inking involves slushing the waste paper with the addition of chemicals like caustic soda, fatty acid and hydrogen peroxide. The recovered fiber is then passed through a series of screening, cleaning and washing stages to remove the impurities and other contaminants. The ink particles are removed in the air flotation process. The ink sludge generated in the process is thickened, dried and burnt in the fluidized bed Power Boiler. Generation of effluent from a De-Inking Plant is negligible. The technology in
De-Inking is based on a closed back water system, which ensures efficient water utilization thereby very low contribution to effluent discharge. The discharged effluent water would contain very negligible colour, COD and BOD load.

Though no development is suggested for the existing DIP plant, a new DIP line of 70000 TPA is proposed with two loop de-inking process for high quality writing/printing paper grades.

The processes involved in the proposed Deinking Plant are pulping, high density cleaning, hole screening, two loop flotation, centrif cleaning, slot screening, thickening, dispersing and two stage bleaching. Through these processes it is estimated that a brightness level of 80-83 % ISO would be achieved in the new plant. First stage bleaching with Hydrogen Peroxide and second stage reductive bleaching with dithionite is planned in the process.

**Figure 4.3**

De-inking process

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Waste Paper + Water + Chemicals ➔ High consistency pulp ➔ Cleaner ➔ Coarse Screening 2 Stage ➔ Flotation (2 loop)

Heating Screw ➔ Screw press ➔ Thickener ➔ Fine Screening 3 Stages ➔ Fine cleaning 4 Stages

Disperger ➔ Bleaching tube ➔ Storage tower
```
4.6.5 Paper Machine:

HNL’s paper machine has a capacity of 100,000 MTPA (Duoformer-C, obtained from Voith, Germany), which has been in operations since 1982. It is designed to operate at a speed of upto 850 meters per minute (mpm). The operating capacity of the mill is 340 TPD at 760 mpm (90% efficiency). It is capable of producing newsprint with a grammage of 44-54 gsm. Raw material mix presently used for paper manufacturing comprises 53-55% chemimechanical pulp, 13-15% chemical pulp, 28-30% deinked pulp.

Paper winding is done with one salvage winder having a maximum speed of 1,000 mpm and one main re-winder with a maximum speed of 2,250 mpm. The newsprint reels are packed using a roll-wrapping machine with an installed capacity of 60 rolls/hour. The stock preparation system is a continuous one, designed to handle chemical pulp, chemi-mechanical pulp, De-inking Pulp and market pulp. A separate pulper is installed to process imported/market pulp.

4.6.6 Plant Infrastructure & Utilities

The infrastructure pool of HNL comprises of the following:

4.6.6.1 Steam Generation

The existing plant has three coal fired fluidized bed power boilers with crushed coal as primary fuel (having sludge firing capability). Two boilers normally are in operation and one on stand-by (not available for expansion). All the three boilers are having a steam generation capacity of 60 TPH each with 60 kg/cm² pressure at 450°C. Solid waste like effluent sludge and wood fines are also fired in the boilers (Approximately 20 TPD).
4.6.6.2 Power Generation

The present power requirement of the mill is met from the Kerala State Electricity Board as well as from co-generation units having installed capacities of 15 MW & 7 MW. The 7 MW Power Plant was commissioned in February 2005. In addition, HNL has a 2.5 MW Diesel Generator, which is maintained as a standby for operation only during emergencies. The grid supply feeds predominantly to mill and colony, and captive generation feeds the paper machine and utilities.

The HNL power supply system is connected through a 110 kV switchyard by two lines from the state grid.

4.6.6.3 Water Requirements

The water requirement of HNL is met from the River Muvattupuzha. Raw water from the river is pumped to the water treatment plant using four vertical turbine pumps (one is standby), each with an installed capacity of 21 m3/min. The present rate of pumping is 40 m3 per minute and the total quantity of water pumped is about 28,000 to 32,000 m3/d. The clarified water is pumped to two clear water reservoirs, which is taken to mill site by gravity. The same stock is used as water for fire fighting in the mill. The clarified water is filtered in the mill site using eight pressure sand filters and used for various purposes in the mill. The water that is used for potable purposes is chlorinated before supply.

4.6.6.4 De-mineralization (DM) Plant

The existing DM plant has an installed capacity of 150 m3 per hour. It consists of three streams and there is a common de-carbonator for all the three
streets. In addition, it is proposed to install a new DM plant of capacity 100 m³/hr to cater to the enhanced requirement of DM water.

### 4.6.6.5 Soda Recovery

The plant consists of two evaporator streams operating at a normal running capacity of 40 TPH and 48-50 TPH respectively. The first street has a designed water evaporation capacity of 60 TPH at a throughput of 79 TPH of weak black liquor at 12% concentration. The output of the evaporator stream achieves a solid concentration of 38-40%. The second street is designed for an evaporation capacity of 52 TPH. The designed inlet concentration of weak black liquor is 5% solids and the outlet concentration is 38-40% solids. The black liquor is concentrated from 38% to 65% solids using finisher. The chemical recovery boiler is designed to handle 140 TPD of black liquor dry solids. The steam generation capacity of recovery boiler is 19.5 TPH at 63 kg/cm² at 450 °C.

### 4.6.6.6 Causticising Plant

The causticising plant is designed for producing 425 m³ per day, the normal running capacity being 312 m³ per day of white liquor at 100 grams per liter as Na₂O. No change has been envisaged in causticising plant.

### 4.6.6.7 Lime Kiln

A lime sludge reburning plant with installed capacity of 50 TPD (normal running capacity of the plant is 35 TPD) is used for producing burnt lime at 80% purity. The size of the rotary shell is sufficient for 80 Tons burned lime/day.
4.6.6.8 **Air Compressor**

Two centrifugal compressors with an installed capacity of each 6169 Nm3/hr caters the compressed air requirements at present. It is proposed to install one new compressor similar to the existing one.

4.6.6.9 **Coal Handling Plant**

Existing plant has an installed capacity of 100 TPH. Another new coal handling plant is envisaged for installation as part of the EDP- CPP.

4.6.6.10 **Effluent Treatment Plant (ETP)**

In order to achieve an economical and efficient treatment system, the effluent in the mill is segregated in three different sewers, namely (i) High Solids - High Colour Sewer, (ii) Low solids - Low Color Sewer and (iii) Clear Water Sewer. The entire quantity of wastewater is treated in the ETP, which is provided with two clarifiers, settling/cooling ponds, an aeration lagoon with mechanical aerators for reduction of BOD and maintaining dissolved oxygen. The treatment system has high degree of efficiency for reduction of pollutants to the limits specified. The ETP sludge is thickened in a belt press for extra dryness and volume reduction. The treated effluent from lagoon and the uncontaminated clear sewer from the mill is disposed into the River Muvattupuzha through gravity pipeline. The capacity of existing effluent treatment plant is 40,000 m³/day. DPR envisages that the present ETP should be able to cater to the additional demand from the EDP, but with moderate capital investment for up gradation of the existing facilities which would be required subsequent to the commissioning of the EDP.
4.6.6.11 Environmental Issues

HNL has adequate and well-maintained system for pollution control including advanced equipments. United Nations Environment Program (UNEP) has selected HNL as a model paper mill in Asia-Pacific region, in recognition of the pollution control measures adopted by the company.

HNL produces about 64,800 TPA (dry weight basis) of solid wastes, consisting of fly ash, bottom ash, lime sludge, slacker grits and clarifier sludge. The total quantity of fly ash (46,800 TPA) is supplied to Cochin Cements Ltd. Clarifier sludge (2,880 TPA) and wood dust (4,320 TPA) is burnt in the boilers. Some amount of clarifier sludge is sold to local units for making handmade paper and wrapping paper. Entire lime sludge (2,880 TPA) is used in the lime sludge reburning plant for burned lime of 75 to 80 % purity. The bottom ash (6,120 TPA) and other solid waste are disposed off by landfill. While closing the landfill, the filled blocks are covered with earth and levelled and left for the growth of vegetation. The quantity of fly ash and bottom ash is expected to increase consequent to the implementation of EDP mainly due to augmentation of steam and power generation. The entire fly ash will be disposed off to cement factories, the demand for which is increasing day by day. The left over bottom ash after supplying to the local brick making units is proposed to be disposed off through landfill.

4.7 Raw Material Sourcing

The pulp requirement for producing paper is met through in house production of pulp. The following table shows the pulp capacity installed & utilized currently:
Table 4.3
Raw material sourcing in HNL

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Total Pulp Capacity</th>
<th>Existing production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Pulp</td>
<td>34,400</td>
<td>17,000</td>
</tr>
<tr>
<td>Chemi Mechanical Pulp</td>
<td>60,000</td>
<td>55,000</td>
</tr>
<tr>
<td>DIP</td>
<td>33,000</td>
<td>33,000</td>
</tr>
<tr>
<td>Total</td>
<td>127,400</td>
<td>105,000</td>
</tr>
</tbody>
</table>

Source: Company records

During FY 2010-11, HNL sourced 1,11,439 MT of wood, 15,694 MT of reed, 44,925 MT of bamboo and 37,911 MT of waste paper. The raw material required to produce this pulp comes from the following sources:

4.7.1 Purchase at Gate Scheme

Suppliers are bringing materials at the factory gate & receive payment on the same day. This provides procurement support to the small & medium farmers on one hand and also reduces the cost of inventory holding for the Company. HNL expects to source about 10,000 MT of wood and 4000 MT of Bamboo under this scheme.

4.7.2 Captive Plantation on leased land from Government of Kerala

HNL has 3,625.173 ha of land planted at present having various ages. Wood is expected only after 7 year of planting the tree. HNL expects 40,000 MT of wood in 2008-09.
4.7.3 Farm Forestry Scheme

Under this scheme HNL is distributing seedlings at concessional rate to farmers through voluntary organizations for growing trees. Already 27 million seedlings have been distributed under this scheme. The company expects that the wood from the same would subsequently come to it under Purchase at Gate Scheme.

4.7.4 Waste Paper

For producing pulp from the deinking plant, waste paper is sourced from domestic and international market.

4.8 Initiatives & social commitment

The creative and unique way of blending commercial objectives with its social mission manifests in HNL’s passionate pursuit of the twin programmes of social farm forestry and purchase at gate schemes. The distribution of 25 million seedlings through the farm forestry scheme and the collection of about 0.45 million MT of wood materials through its complementing scheme of purchase at gate is a pointer of the sterling success of these programmes among the rural farming community of the State.

In tune with HNL’s mission to improve the quality of life of the local community, the company has completed the drinking water supply scheme benefiting 580 families in the vicinity. The caring outlook of the company has prompted it sponsor the Pediatric Cancer Care Ward of Medical College at District Headquarters, Kottayam.
4.8.1 Protecting the environment is top priority at HNL

The company is committed to eliminate or reduce the use of toxic substances and the generation of hazardous wastes, wherever technologically and economically practical & consistent with sound environmental management.

4.9 Human Resource Department Hierarchy

The human resource department in HNL is headed by the HOD (HR&ES) who should report directly to the Managing Director. She is assisted by Labour Welfare Officer in Deputy Manager rank and four junior executives. Fig 4.3 represents the hierarchy of HR & ES.

Figure 4.4
Hierarchy of Human Resource Department

![Hierarchy of Human Resource Department](image_url)
Table 4.4
Proportion of female workers in HNL as on March 31, 2010

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>No. of female</th>
<th>percentage of female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>191</td>
<td>19</td>
<td>9.95%</td>
</tr>
<tr>
<td>Supervisors</td>
<td>86</td>
<td>8</td>
<td>9.30%</td>
</tr>
<tr>
<td>Workmen</td>
<td>701</td>
<td>65</td>
<td>9.27%</td>
</tr>
<tr>
<td>Total</td>
<td>978</td>
<td>92</td>
<td>9.41%</td>
</tr>
</tbody>
</table>

Source: Company records

Contract Labour Rate workers are appointed by the company to engage in upkeep and maintenance of work inside and outside the plant @ Rs.235 per day + 60% of wages towards perks like ESI, PF, Bonus, Canteen subsidy, compensation, uniform etc.

Table 4.5
Manpower position in HNL

<table>
<thead>
<tr>
<th></th>
<th>31.3.07</th>
<th>31.3.08</th>
<th>31.3.09</th>
<th>31.3.10</th>
<th>31.3.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>182</td>
<td>193</td>
<td>196</td>
<td>190</td>
<td>176</td>
</tr>
<tr>
<td>Supervisors</td>
<td>80</td>
<td>86</td>
<td>94</td>
<td>86</td>
<td>80</td>
</tr>
<tr>
<td>Clerical &amp;</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>108</td>
<td>105</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>626</td>
<td>612</td>
<td>623</td>
<td>592</td>
<td>548</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>1003</td>
<td>1025</td>
<td>976</td>
<td>909</td>
</tr>
</tbody>
</table>

Source: Company records
4.10 HRD

Imparted need based training to employees to equip them to meet their individual task demands as well as the company objectives. Altogether, 40 in house training programs were conducted in which 432 workmen days & 499 superior days were utilized. In addition, the company sponsored 109 supervisors & 28 workmen for 55 external customized technical and management programs during the year.

Table 4.6

Human Resource Development

<table>
<thead>
<tr>
<th>HRD</th>
<th>2010</th>
<th>2008</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>In house training programme</td>
<td>40</td>
<td>33</td>
<td>63</td>
</tr>
<tr>
<td>Workmen days</td>
<td>432</td>
<td>596</td>
<td>1158</td>
</tr>
<tr>
<td>Officer days</td>
<td>499</td>
<td>694</td>
<td>835</td>
</tr>
<tr>
<td>External customized technical program</td>
<td>109(S)</td>
<td>105(S)</td>
<td>200(S)</td>
</tr>
<tr>
<td></td>
<td>28 (W)</td>
<td>31</td>
<td>29 (W)</td>
</tr>
</tbody>
</table>

Source: Company records
Table 4.7

Welfare expenses

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
<th>2007-08</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniform cloths</td>
<td>16,33000</td>
<td>16,33,000</td>
<td>16,00,000</td>
<td>8,72,160</td>
</tr>
<tr>
<td>Stitching Charge</td>
<td>Nil</td>
<td>6,95,900</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Footwear</td>
<td>Nil</td>
<td>8,53,000</td>
<td>13,00,000</td>
<td>8,85,430</td>
</tr>
<tr>
<td>Rainwear</td>
<td>Nil</td>
<td>Nil</td>
<td>2,00,000</td>
<td>1,23,030</td>
</tr>
<tr>
<td>Maintenance of school &amp; Education</td>
<td>Nil</td>
<td>40,30,000</td>
<td>55,00,000</td>
<td>35,59,750</td>
</tr>
<tr>
<td>Retirement gift</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>42,000</td>
</tr>
</tbody>
</table>

Source: Company records

Table 4.8

Performance Analysis

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees</td>
<td>1349</td>
<td>1166</td>
<td>1133</td>
<td>1101</td>
<td>1057</td>
</tr>
<tr>
<td>No. of strikes &amp; lockouts</td>
<td>Nil</td>
<td>Nil</td>
<td>3days</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>No. of litigations /disputes under ID</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>Nil</td>
</tr>
<tr>
<td>No. of litigations settled</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>No. of persons recruited</td>
<td>1(Company Secretary)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Employee Participation in management</td>
<td>Works Committee, Grievance Committee, Canteen Committee, Periodical Meeting with records, Trade Unions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Man days lost due to ID</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Source: Company records
4.11 Industrial relation & Employee welfare measures

HNL has continued to harbor very cordial industrial relation climate following the path of participative work culture through constant interactions with the trade unions and their responsibilities at the political level despite the stand offs and minor frictions with the unions related to the wage revision negotiations. There has been absolutely no loss of man days due to strike. The various welfare measures provided to the employees and their dependents were continued during the period.

4.12 Employee participation in Management

The various committees such as works committee, canteen committee, grievance committee and the bi-partite participative forum such as the shop councils and plant councils continued to function successfully in the company with more emphasis given on health and safety aspects of the employees with the OHSAS certification. Employee awareness level on healthy food habits and life style has increased tremendously and the company could maintain the OHSAS certification years through out at even a higher standards on safety and health.

4.13 HRD Policy

The current economic environment in India is characterized by liberalization, changed market conditions etc. has placed greater demands on industry for higher productivity, efficiency & performance. This has important implication for the role of management can play in improving enterprise performance.

Operating in the new environment requires leadership in HRM, manufacturing & marketing.
HR is the major corporate resource. The HRD is the process of increasing the knowledge, capabilities & skills of the population in general & work force in particular is significant in the competitive environment.

Maintenance & management of HR is concerned with the optimum utilization of manpower in a given work situation & it highlights the need for in service training for further development of HR especially to meet:

1. The challenges of rapid changing technological advancement
2. The changed nature of the job slots
3. The consequent rapid changes in the system & the organisation
4. Technology transfer

The quality of training will affect both the individual as well as organizational growth and as such will affect the quality of human resource.

Management of human resource includes performance appraisal, employee feedback & counseling, assessment of training needs of various categories of employees, OD, design & evaluation of various interventions and motivating the people of excellence in performance and effective management of an organisation.

A policy may be formulated for planning, management & development of HR in the organization.

**Training**

Regarding the training/ re-training to be imparted to our employees a need – based plan is suggested category – wise
## 4.13.1.1 Workers

### a. Technical Training

It may be imparted to them for preventing from getting absolute. For that both inside & outside faculty who are trained in the advanced techniques may be utilized. This program may be imparted to a worker once in 5 years.

### b. Behavioral Science

For improving the quality of life/work life/attitudinal change & PD, de-addiction etc. programs may be organized internally with the help of both category faculty. This type of OD programs may be designed so frequently that all the workers may get a chance to attend this once in 3 years.

### c. Multi –skill development

In the fast changing environment the multi – skill development is the need of the hour. For that employees engaged in the production/operation may be imparted training on the maintenance of the machine and vice versa. This will increase the effectiveness of work, reduce the down line and improve the life of the equipment and thus the overall productivity.

## 4.13.1.2 Supervisors

Supervisors have to play a key role in the organization & they are the bonding between the management & the workers. The training should be imparted to them as given below.

Training in general management may be organised once in 5 years for the supervisory development. Training in functional areas which includes personal, finance, manufacturing & maintenance may also be given in duration
of once in 3 years. Training programs should be there in work culture, PD and behavioural science etc. once in 2 years

4.13.1.3 Junior Managers

They are executives to Deputy Managers and they should be imparted training as per the schedule.

1. In general management—Once in 5 years
2. In functional areas like finance, personnel, maintenance, production
   -once in 3 years
3. Development programs like communication skills, team building etc.
   -once in 2 years.

4.13.1.4 Middle level managers (Manager/Senior Manager)

The training pattern proposed is given below

(1). In General Management

(2). Functional programs

(3). Specialised programs like performance appraisal, communicative skills, leadership, motivation etc. – once in 2 years.

4.13.1.5 Senior level Managers (DGM/GM/ED)

1. General management programs – Once in 3 years
2. Specialized programs like performance appraisal, selection techniques, team building, motivation, etc. – once in 2 years.

For training, whenever possible we may utilize our own facility. For that a core group can be made. Specialized programs may be organized here with the help of external faculty/agency. We may send our employees for external
programs made by reputed institutes – in general management & specialized programs.

4.13.2 Training Abroad

For special, tailor– made programs, the company may nominate the officers according to suitability. In the selection, preference may be given to the following:-

4.13.2.1 For long term course/programs – *Duration 6 months or more*

(i). Those who have completed at least 10 years in the service and 5 years in the organization.

(ii). Age may be less than 45 years.

(iii). Executives who have attended a Long Term Training programs earlier should not be nominated again for such training.

(iv). Applications should be accompanied with the Annual Confidential Report of the executives for the last 5 years. Only executives whose service records for the last 5 years are very good or outstanding should be nominated for such training programs.

4.13.2.2 For short term courses – *Duration 15 days or more but less than 6 months*

(i). Executives who have completed total 10 years continuous service & 5 years in the organization.

(ii). Executives who are not more than 48 years of age.

(iii). Only executives who are working in the field connected with the subject of the course should be nominated to the short term
course. There should be a gap of at least 5 years between two consecutive spells of Foreign Training including short term programs.

4.13.2.3 Study Tours/Seminar/ Workshop

It may be in the nature of a training programs governed by the same instructions

An undertaking may be obtained from the officers before proceeding for the training that he/she will serve to organization after the completion of training abroad & his expertise may be utilized for the training.

The details of service bond to be executed are given below:-

<table>
<thead>
<tr>
<th>Duration</th>
<th>Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 14 days</td>
<td>1 year / passage fare</td>
</tr>
<tr>
<td>More than 14 days but less than 1 month</td>
<td>1 year / passage fare + fee</td>
</tr>
<tr>
<td>More than 1 month but less than 3 months</td>
<td>2 years/passage fare + Fee + Other expenses</td>
</tr>
<tr>
<td>More than 3 months but less than 1 year</td>
<td>3 years /passage fare + Fee +Other expenses + salary</td>
</tr>
</tbody>
</table>

4.13.3 HRD Advisory Committee

A unit level HRD Advisory Committee may be constituted to assess the training need, evaluating the training plan & conducting training audit and
manpower audit. In the case of nomination for training abroad, this committee may nominate/ select candidates based on merit need.

All Heads of Department are committee members with GM (works) as the chairman & HRD in charge as convener. The proposal of the committee may be submitted to the MD for approval. The committee may meet quarterly.

4.13.4 Training need Assessment

The training will be effective only if it is designed based on a training need assessment. It is suggested to design our Performance Appraisal System by adding separate page for the training requirement of the individual with the recommendations of the HODs. The same may be facilitated to assess the actual need of individual training & this may be sent to HRD section for further processing. Counseling may be arranged based on the requirements given in the feedback.

4.13.5 Manpower Planning

The development of Long term manpower policies & strategies is imperative for success. The average age of our employees is more than 45 years as on today. Hence after 10 years, the organization will be facing a heavy shortage of skilled & experienced manpower to fulfill the task. Hence a strategy may be evolved for the recruitment plan of the organization for the development of HR in the micro & macro levels.

a. In the operation side, fresh diploma Holders in chemical engineering /B.Sc in General Science, Pulp & paper (Engg.) may be recruited as operator trainees & they may be imparted training for a duration of 2
years. After successful training they may be absorbed as per our requirements.

b. In the maintenance, utility & other areas, fresh diploma holders in mechanical, electrical, instrumentation etc. may be selected every year & imparted training for 2 years. After training they may be absorbed as per our requirement.

c. Fresh ITI Holders/+2/ Pre degree holders may be selected and imparted training in multi – skills. They may be absorbed in the bottom line of the organization.

d. Management trainees may be recruited in every year & may be trained in both the technical and non-technical areas. They may be absorbed to add fresh blood in the organization.

e. As a part of employee development and motivation, job rotation and proper placement is suggested at various levels. This will improve the manpower utilization and deployment and also reduce the manpower requirement.

f. It is suggested that recruitment & selection of manpower may be include in function of HR department.

4.13.6 Industry- Institution – Interaction

The industry – HRD institution – interaction is very poor today. The industry cannot keep aloof from the HRD institutions. There is a need for greater industry – institution – interaction, preferably HRD institution associated with pulp and paper technology, engineering and management. The assistance can be in the form of firm financial provisions, help in providing faculty and infra structure development. There is a need for some sort of formal accountability of industry in HRD. HRD institutions must plan interactions with industry, for activities like students & teacher training,
teaching structure formulation, transfer a shop – for technical/ operational knowledge to class rooms.

The organization can provide financial aid/sponsor some seats in the Engineering Colleges/ Polytechnics & Management Institutes as a Long Term plan in the manpower requirement. Scholarships/Grants may also be provided for better selections. The interactions of institutions & industry will provide betters chances for training.

4.13.7 Re-engineering the Organisation- The Human Aspects

The business environment is changing rapidly, radically and perplexingly. Nothing is stable & simple anymore. We have been used to incremental change - the kind of change which is gradual and can be managed with careful analysis & consideration of the issues at hand. Now managers will not only have to manage change but will also have to create change – radical change & fast. All our old ways of managing are under pressure and in question. Our organization structures hierarchies, appraisal/reward policies and the entire range of command and control management techniques are in question. Change is impacting everyone in the organization.

“The change in an organization is like a human body undergoing multiple procedures at the same time. One person is in charge of the root canal job, someone else in setting right the broken foot, another is working on a displaced shoulder and yet another is getting rid of the gall stones. Each operation is a success but the patient dies on shock”.

This will be true if the managers are adept at change in fragments, the real challenge in managing change in understanding how the elements balance off one another.
Re-engineering is a concept which calls for a major change in the way the organization works. The applications of information technology serves as the platform and the driving forces behind it are the 3 Cs, the customer, competition and change. Re-engineering goes beyond the realms of downsizing, normal automation and organisational changes in the fact that work is designed based on end to end processes and creation of value for the customer. The toughest part of any re-engineering effort is living through change, managing the transition of getting people let go of their old ways and embrace new ones. The people may be helped in moving from familiar positions to unfamiliar/unchartered positions by overcoming the feeling of loss and insecurity. Getting people to bring into the change process, allaying the fears & anxieties of the people through credible and clear communications, designing innovative learning techniques, creating appropriate re-deployment programs and reward systems are the key tasks of HR.

4.13.8 Management Development Centre (MDC)

For better effectiveness, the Regional HRD centre may be developed to a full fledged MDC with all the modern amenities headed by a senior level manager. This centre may be utilized for the benefit of other organizations & sister concerns.

The Centre can be utilized for adopting the employees to the new work environment and technology, improving productivity and efficiency levels and effective implementation of measures designed generally to promote efficiency and achievement of the organization goals.

The Centre may be developed on financially self supporting basis at the end of the project (say 5 years). The trainers in the centre may be on part time basis and will be the line staff from plants & HRD institutions
The fulltime training co-ordinator may be supplied by internal/external resources and guided by the HRD Advisory Committee. The Centre can be developed as a prestigious management institute/technical institute in the near future.

4.14 HRD Manual

“Efficiency is doing things right,
Effectiveness is doing right things”- Peter F. Drucker

Preface

HNL is a public sector undertaking under the administrative jurisdiction of the Department of Heavy Industries, Govt. of India with Mini Ratna Category I status. It is a fully owned subsidiary of HPC Ltd. The capacity utilization of the company is 1 lakh MT per year. HNL produces standard newsprint grades of 45 GSM and 48.8GSM of quality, which is at par with the best available in the market. It has a share of about 16% of domestic newsprint production. The customer profile of HNL includes all the leading publishing houses in the country.

The company is already certified for Quality Management System (ISO 9001:2000), Environment Management system (ISO 14001:2004 and Occupational Health & Safety Management System (OHSAS 18001:2007). The company has also been noted for its commendable performance in the areas of energy conservation and management. A fully integrated Enterprise Resource Planning (ERP) system is vogue since 2001 has enabled the company to streamline the processes & procedures and made it an agile user of information technology.

The company is committed to support the initiatives for ensuring better quality of life for community residing in the vicinity of its sites.
4.14.1 HRD Centre

HNL believes, employees are its backbone and its core competence is the sum total of its employees knowledge and skills. Keeping this in mind, the company always gives thrust to employee development. The mission is to provide each employee with relevant training to redress the training needs identified. HRD – Training & Development and motivation is one of the performance evaluation parameters of the MoU signed every year between HNL and its holding company HPC Ltd.

The company set apart a reasonably good corpus for the developmental activities of the employees. The training platform of HNL is called KALARI, where the company organize training programs and other related developmental activities.

4.14.2 Training procedure

The main objective of the training procedure in the company is to ensure competency and skill development of personnel of HNL through training. All Head of the Departments constitute the Training Advisory Committee with GM(works) as the Chairman. DGM(HR & ES) is the Convenor of the Committee.

4.14.2.1 Training need identification

It is carried out separately for workmen and supervisory personnel and officers on annual basis. Separate training need identification forms are used for this purpose. Individual training need assessment is carried out for officers and supervisors and combined training need assessment for workmen.
For Supervisors & Officers

The training need identification forms are circulated in the month of January every year and collected back within one month. The format identifies the individual training needs in 5 categories:

- **Technical/Plant/Work related (T)**
  The training on these needs directly help to improve the technical/functional competency of the personnel in the work area, which will directly result in the improved performance of the plant function.

- **IT/Software/Computer related (I)**
  It addresses training requirements related to Information Management, Computers, BaaN, etc.

- **Management Systems (M)**
  It includes programs related to management systems such as QMS, EMS, OHSAS and related areas like Energy Management, Water Conservation, TQM, etc.

- **Behavioural / HR Related (B)**
  This addresses skill development of HR for improved personal performance resulting in teamwork and organization excellence even though the name is indicated as behavioural, it includes all HR related training needs.

Needs related to the core functions of the respective department will be considered technical.

The employee should record his training needs (Category, topic area/content) in the Training need identification form (HRD/R-01).

The identified training needs are to be evaluated & recommended by Section / Department in-charge. HOD may strike off or suitably modify the
training needs & authenticate the format. HR Department shall consider only those needs, which are approved by the HOD as authorized training needs of that particular employee. HOD should ensure that only two most felt training needs of an employee are forwarded to HRD section.

HOD, should categorize the needs based on criticality as V, E or D

V, Vital: - which indicates provision of training programs based on these needs is most critical for the successful performance of the personnel & the organization.

E, Essential: - provision of training programs based on these needs is not so critical but will certainly help for improved performance.

D, Desirable: - provision of training programs on these needs is not a requirement, unless identified for a large number of employees.

- For workmen

It is practically difficult to identify individual training needs of the workmen and arrange programs accordingly. Shop floor/ on the job training is to be imparted by the concerned department/section to cater to the work related/ technical training needs of the workmen and should retain associated records.

Those training needs, which cannot be addressed as above, are to be intimated to HRD section through Combined Training Need identification Format (HRD/R-02). The HOD is to put tick mark against the classification of the need (T/I/B/M/O) as per the requirement of each employee. List of general programmes planned for the particular year under different classifications will be enclosed with the Combined Training Need Identification Format.
Specific suggestions/specialized training programs for a group of workers working in a specified area, if any are to be indicated in the need identification format. HRD section will include such programs in the training plan for which participants are to be ensured by the respective HOD recommending for such programs.

These general training programs & specialized/specific programs, if any, will be included in the annual training plan (HRD/R-04)

4.14.3 Methodology for consolidation & prioritization of identified training needs of officers (for charting out annual training plan)

4.14.3.1 Consolidation of training needs

i) Finalization of topics or subjects

The topics/areas specified by the employees & approved by the HOD are to be posted in format HRD/R-03 (Training need Consolidation & Prioritization chart)

HRD section on primary review of the need identification formats will identify subjects/topics to address the identified needs of the employees. Topics will be separately listed out in each category and numbered as 1,2,3 prefixing the specific classification code (T/I/B/M/O- Example T-1, T-2, T-3 & so on ). Participants demanding similar areas with respect to a single topic will be consolidated under the head – Areas/ contents against the specified topic.

ii) Rating for topics

Unit rate is assigned for each individual topic identified for the employee & the rate is posted in HRD/R -03 as 1 or \( \frac{1}{2} \) depending upon the number of topics (1 single topic & \( \frac{1}{2} \) each for two topics)
iii) **Consolidation of total rate**

Topic-wise rates added & percentage significance of each individual topic is found out.

Similarly entire training needs are grouped and total rate of each group is arrived at. Percentage significance based on group requirements is worked out.

**4.14.3.2 Value analysis of topics**

i) **Ranking of Topics**

Topics are to be ranked in the descending order of percentage value scored.

- Green list – topics coming within first 50% range will be included in Green list.
- Yellow list – topics coming within next 30% range will be included in Yellow list.
- Red list – topics coming within next 20% range will be included in Red list.

Green List – highest value for the topic.

Yellow list – medium value for the topic.

Red list – lowest value for the topic.

**4.14.3.3 Priority ranking of topics (stoplight model)**

The topics are re-arranged/ ranked on the basis of criticality rating. Topic – wise rates of criticality rating (V-5, E-3, D-1) are added together to arrive at total rate for each individual topic identified & to find out the
Likewise all topics are rated & a consolidated list of topics in the
descending order – group wise (Green, Yellow and Red) is prepared.

i) **Green list topics**

All the topics in Green list are arranged in descending order according
to the criticality rating score & ranked 1 to N. That means topic No. 1 holds a
preferential priority in comparison with topic No.2. HRD section will include
all the Green List Topics in the training plan with the ranked priority.

ii) **Yellow List Topics**

Similarly all the topics in Yellow List are arranged in descending order
according to the criticality rating score & ranked 1 to N. These topics will be
placed before the Training Advisory Committee & those topics specifically
recommended by them will only be included in the plan.

iii) **Red List Topics**

Those topics rated as vital in the Red List alone will be placed before
the Training Advisory committee & the topics specifically recommended by
them will be included in the training plan.

### 4.14.4 Finalization of Training Plan

The Training plan is finalized in the Training Advisory Committee
meeting considering the following points:

1. All the topics/subjects in Green List.
2. Topics/subjects in the Yellow list specifically recommended by the
   Training Advisory Committee.
3. Vital Topics /subjects in Red List specifically recommended by
   Training Advisory Committee
(5) Specific suggestions/ specialized training programs for a group of workers working in a specified area as recommended by HOD
(6) Left out programmes, if any of the previous training calendar
(7) Training Budget for the year
(8) Training requirements under different management systems (QMS, EMS, OHSAS etc.)

The finalized training plan in the former HRD/R-04 will be placed before MD for approval.

4.14.5 Finalization of Training Calendar

Based on the approval training plan, quarterly Training Calendars are prepared well in advance of each quarter. First & second quarter will cover 30% each of the programs, third quarter 25% & Fourth quarter 15%

i) Utilisation of Budget

20% is set apart for supplementary/latest programs of external training institutes/faculties for which nomination is made by HOD in format HRD/R-06. Balance amount is utilized as follows.

(i) 30% - 1st quarter
(ii) 30% - 2nd quarter
(iii) 25% - 3rd quarter
(iv) 15% - 4th quarter

ii) Resource Personnel

Selected training requirements in each quarter including topics/subjects & areas to be covered are intimated to reputed & competent Training institutes/Faculties for collecting information on the following
(1) Whether the programs (subject/topic) comes under their scope

(2) If so, the faculty profile

(3) Program fees

(4) Planned dates

iii) Quarterly Training Calendar (QTC)

Draft QTC (HRD R-05) containing the following details is placed before MD (at least one month before the planned quarter) for approval.

a) Subject/Topic

b) Areas covered

c) In-house/ Out – house

d) Target group/participants

e) Name of the Institute / Faculty

f) Probable dates of the program

g) Fees, travel, accommodation & other expenses for faculty & participants

Approved Quarterly Training Calendar (HRD/R-05) will be circulated to the HODs, at least 10 days before the specified quarter, highlighting (a-f)

4.14.6 Execution of Training Programs

Programs are conducted either in–house or out–house based on the number of participants. Efforts are taken to conduct maximum number of in–house programs provided there are minimum 15 participants and hold a financial advantage.
Out–house training requirements are met through external training institutes/faculty when they organise similar programs.

i) **Intimation**

Details of the program will be intimated to the participants in advance through the respective Section – in-charge / HOD (HRD/R-07)

### 4.14.7 Evaluation of Training Programs

Besides the identified training needs translated into training programs, the training plan takes care of budget allocation for training, resource personnel, mode of conduct, duration, target group etc. Based on these details, cost of individual training programme is worked out.

A draft training plan consisting of individual training program, mode of conduct (in-house/out-house), faculty (internal/external, faculty fee/day, duration of the program, number of batches, target group, etc. should also be prepared.

*Faculty*

The in house programs are evaluated by the faculty in charge.

*Training Effectiveness Evaluation by Participant*

Effectiveness of the training imparted is evaluated by the trainee participant using Trainee Feedback cum Evaluation Form which evaluates various attributes. The rating is carried out programme are also collected.

*Performance Improvement / Knowledge Gain Index Evaluation*

Performance improvement at work place, competency improvement and knowledge gain are evaluated using a five point scale from the section head /
HOD of the trainee / participant after a period of one month. Whenever required repeated training will be rendered in case of poor rating both by the appraisee and appraiser during the effective evaluation.

Figure 4.5

Training Procedure Manual
Flow Chart

Selection of professional bodies/faculty

Selection of participants for training

Intimation to selected participants

Program- In house/spons

Facilities
A/C Training hall, Furniture & Fixtures
Audio/ Video, Training Aids & Library
Faculties – Professional – Internal & External
Professional bodies - External

Training need Analysis-Calendar

Further training

Participants Job competence / improvement evaluation by

Program Evaluation - participants

Figure 4.5 Flow Chart
4.14.8 Provision of Resources – HR Department

1. Purpose – to provide competent and/or trained personal to determine provide & maintain infrastructure & work environment needed to achieve conformity of product requirements, implement & maintain the quality management system and continually improve its effectiveness.

2. Scope – covers HRD section

3. Responsibility – Manager (P&A) & ES, Human Resources

4. Description – General

   • Personal directly or indirectly involved in various departments are competent enough on the basis of education training, skills & experience
   • Competence, Awareness & training
     The suitability & competence of employees are systematically ensured as per the schedule, before entrusting them with individual responsibilities
   • Infrastructure
     Modern IT related training aids like LCD multimedia project, hi-fi social system, fully furnished air conditioned training hall
   • Work environment
     The section takes care in keeping the work environment neat & tidy
     Fire extinguisher is kept in sensitive area for use
   • Hours of work – General Shift (9 hrs to 17.15 hrs)

Procedure for training

Purpose : to ensure imparting skill for performance of work affecting quality & for continual improvement.

Scope: covers all employees of HNL
Responsibilities: Manager (HR&ES)

Personnel directly or indirectly involved in various departments are competent enough on the basis of education, training, skills & experience. The training needs of the employees are identified & prioritized at department level by respective HOD in consultation with section-in-charges and will be forward to HRD section while doing this thrust is given on immediate training need of the employee as demanded by profession/native of work the training needs are broadly categorized as

a) Technical
b) IT related
c) Behavioural
d) Management system related
e) Others

The training needs are analysed and training calendar is prepared by the HRD Department Training modules/details regarding resource personal are identified/collection through the information brochures/references received from various agencies. The training is imparted either in-house or external depending upon the number of participants. The eligibility interia for external faculty for conducting training program is fixed in advance. Induction training is imparted to new recruits.

Training feedback form is filled up by the participants of the program and submits to HRD section (HRD 009 Part I). Effectiveness evaluation at workplace will be rated by the section head/HOD after 2 months of the training program. Repeated training will be imparted to the employee with poor rating. HRD section maintains all relevant training records.
# Grades of employees & qualifications required for future requirement

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Grade</th>
<th>Required Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>W1-W2</td>
<td>SSLC</td>
</tr>
<tr>
<td>2</td>
<td>W3-W4</td>
<td>ITI</td>
</tr>
<tr>
<td>3</td>
<td>W5 &amp; above</td>
<td>Diploma/graduate</td>
</tr>
</tbody>
</table>
| 4      | E1 & above| A) Graduate in Engineering in the discipline concerned BSc. with certificate in Paper Technology/MSc for Technical Departments.  
B) CA/AICWA/MBA(Finance) for Finance Dept.  
C) MBA/MSW/PG Degree with specialized in Personal Management for HR & ES Department  
D) MBA/PG degree with specialization in marketing management for commercial Dept.  
E) MBBS/relevant PG Medical Degree for medical discipline  
F) PG with AIFC, graduate with certificate in Rangers Course & PG Diploma in Forestry & Forest Dept.  
G) Graduate with ACS for company secretariat  
H) LLB for Legal discipline |
| 5      | S1-S2     | Graduate/Diploma or SSLC with long experience                                          |
Grades of Executives and Corresponding Designations

<table>
<thead>
<tr>
<th>Grade</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Executive, Asst.Engineer, Asst. Shift Supdt Chemist</td>
</tr>
<tr>
<td>E2</td>
<td>Asst.Manager, Plan Engineer, Shift Supdt, Chemist</td>
</tr>
<tr>
<td>E3</td>
<td>Dy. Manager, Sr. Plan Engineer, Sr. Shift Supdt, Sr. Chemist</td>
</tr>
<tr>
<td>E4</td>
<td>Manager Chief Chemist, Chief Medical officer</td>
</tr>
<tr>
<td>E5</td>
<td>Sr. Manager, Company Secretary</td>
</tr>
<tr>
<td>E6</td>
<td>Dy. General Manager</td>
</tr>
<tr>
<td>E7</td>
<td>General Manager</td>
</tr>
<tr>
<td>E8</td>
<td>Executive Director</td>
</tr>
<tr>
<td>E9</td>
<td>M.D., Director</td>
</tr>
</tbody>
</table>

External Faculty Selection (Minimum Requirement)

<table>
<thead>
<tr>
<th>Area</th>
<th>Qualification</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Skill Development Improvement</td>
<td>Min.Graduation, Professional Qualification: Degree/Diploma in relevant field</td>
<td>3</td>
</tr>
<tr>
<td>b) Knowledge Improvement (Managerial/Technical)</td>
<td>Do</td>
<td>3</td>
</tr>
<tr>
<td>c) Attitudinal Change</td>
<td>Do</td>
<td>1</td>
</tr>
<tr>
<td>d) Awareness</td>
<td>Do</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Health & Safety / Environment training needs of employees are queued on appointment and on an on-going basis when new tasks and equipments are introduced, or if employee taken a new role with increased environmental or health & safety risks/Responsibilities

2. Training is also provided when new equipments new substances, processes or procedure are introduced into the workplace, or when there are instance for unacceptable environment or health & safety performance as revealed from reactive measures of performance

3. Training for all individuals who manage employee, contractors and others (Eg. Temporary workers) in their responsibilities is provided. This is done to ensure that both they and those under their control understand the hazards, risks and environmental aspects of their operation for which they are responsible, whenever they take place. Additionally, this is to ensure that personnel have the competencies necessary to carry out IMS activities.

4. Training & awareness progress for contractors, temporary workers and visitors are according to the level of risk, environmental aspects to which they are exposed.

5. Respective section Head Department head ensures that specific operation related to training is given to staff under their control
   a. When new process, equipment or procedure are introduced
   b. When performance doesn’t meet IMS requirements
   c. When planning must be done for non-routine or irregular tasks
6. The department heads ensures that the workers are trained in the following areas
   a. Safe work practices & procedures
   b. How to identify & protect them from work place hazards (Safety hazards, chemicals, biohazards, ergonomic hazards & so on..)
   c. Fire & other emergency procedure, location of emergency response equipments such as SCBA kit etc..
   d. The location of first aid facilities, eyewash fountains, safety showers
   e. Rules associated with prohibited or restricted area, tools & equipments
   f. IMS policy of HNL & the role of the employee with in the IMS management system
   g. Regulatory requirements applicable to the workers job
      Eg. For host/crane operation -> respiratory protective devices & so on
   h. Requirements to improve integrated management system performance.

7. Special training programs/shop floor meetings / safe operation of plant equipments/first aid training/individual safety training are provided to the personnel working at sensitive areas as applicable.

8. Personnel made aware of the relevance & importance of their activities and how training contributes the achievements of IMS objectives.
9. During IMS training personnel are made aware of the importance of conformity with IMS policy & procedures, significant environmental aspects, hazards, risk, significant impact, harm, associated with their work along with roles, responsibilities & improved performance.

10. HNL ensures that any person performing task for it or on its behalf if competent to address any significant environmental impact & harm.

11. During training, personnel are made aware of IMS consequences, actual or potential of their work activities, their behaviour, requirements emergency preparedness & response.

12. Training need identified at HNL includes human behavioural capabilities & other human factors.

4.14.10 Topics/Areas covered with responsibility for identification for the IMS Training program

1. Recommendation based on the investigation results of Incidents & Human behaviour capabilities & other factors by OHSAS Steward Council & Safety Committee (Accidents, Incidents & Near Misses reported area wise with reasons) – Responsibility -> CMO & Sr. Manager F&S; Sr. Manager Training)

2. Quality complaints, Non conforming products, services corrective/preventive actions, new product development, etc.. as applicable. Responsibility -> DGM(TS) & DGM & Sr. Manager (Marketing)

3. Interested party concerns & complaints, Issue related to environmental pollution, Pollution Control Board & associated corrective measures, as applicable-Responsibility->DGM(TS)&Sr. Manager (Environment)
4. Audit results – Certification body & internal audits

   Key concerns, major non conformities, repeated NCRs & Clauses, 
   Clause wise & Area wise summary reports of NCRs as applicable. 
   Responsibility -> MR & JMRs.

5. Critical areas of improvements suggested by various forums

   - Works committee – Responsibility – GM (W)
   - House keeping committee – DGM (Engg.)
   - Second / Third party audit results
   - National safety council/safety audit results – Sr. Mgr (F&S, 
     Training)
   - Electrical Inspectorate – Sr. Manager (Electrical)
   - Factory Inspector – DGM(HR & ES)
   - Mock Drill result – Sr. Manager (F&S, Training)


7. Non attainment areas of IMS objectives & Programs, along with 
   graphs, root cause analysis & recommended corrective measures 
   responsibility -> MR & respective JMR


10. Non Conformities & corrective measures pointed out by legal 
    committee during legal audit

    Responsibility – DGM (HR& ES)
4.14.11 Categorization of employees for training

Regular employees of the company, contractors and contract workmen engaged by contractors are classified into 3 groups for training.

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors &amp; Junior, Middle &amp; Senior Manager</td>
<td>Supervisors &amp; Regular workmen</td>
<td>Workmen engaged by contractors</td>
<td></td>
</tr>
</tbody>
</table>

A&B group employees are provided half day training on IMS every year. C group workmen engaged by contractors are provided shop floor training at their work place at least for one hour every year pertaining to IMS.

4.14.12 Training Material

For A category – designed by external faculty considering the mentioned topics with a focus on continued improvement emerging trends & case studies on competitive or similar organizations.

For B&C category – IMS Training material designed by HRD & Internal trainers in consultation with MR

HRD section will frame out common/general training programs covering common/general training programs covering common topics applicable to the workers of all functions of the company based on combined training needs/majority requirements.

Apprenticeship Training Scheme

Development of human resource is crucial for the industrial development of any nation. Upgradation of skills is an important component of HRS. Training imparted in institutions alone is not sufficient for acquisition of skills & needs to be supplemented by training in the actual workplace.

4.14.13.1 Objectives

- To regulate the programs of training of apprentices in the industry so as to conform to the prescribed syllabi, period of training etc. as laid down by Central Apprenticeship Council &
- To utilize fully the facilities available in industry for imparting practical training with a view to meeting the requirements of skilled manpower for industry.

4.14.13.2 Evolution of Apprentice Training Scheme

- National Apprenticeship Scheme started in 1959 on voluntary basis
- Initially envisaged training of trade apprentices
- Amended to include graduate & diploma engineers as “graduate” and ‘Technicians’ apprentices reply. Also included 10, +2, VHSE as ‘Technician (Voc)’.

4.14.13.3 Coverage

Obligatory to Public and Private sectors having requisite training infrastructure to engage apprentices

- 254 groups of industries covered under the Act.
- approximately 17800 establishments engage apprentices
4.14.13.4 Stipend

- Rs. 820 pm - 1<sup>st</sup> Year
- Rs. 940pm - 2<sup>nd</sup> year
- Rs. 1090 pm - 3<sup>rd</sup> year
- Rs. 1230pm - 4<sup>th</sup> year

- Rates of stipend revised every two years based on Consumer Price Index
- Minimum age – 14 years

**Table 4.9**
Training Calendar for 2011-12

<table>
<thead>
<tr>
<th>Category</th>
<th>T</th>
<th>I</th>
<th>B</th>
<th>O</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officers</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>Nil 10</td>
</tr>
<tr>
<td>Workmen</td>
<td>6</td>
<td>Nil</td>
<td>2</td>
<td>1</td>
<td>Nil 9</td>
</tr>
<tr>
<td>Supervisors+Trainers + Officers</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>1 1</td>
</tr>
<tr>
<td>Internal Auditors</td>
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<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>1 1</td>
</tr>
<tr>
<td>Trainers</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>1 1</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>3 22</td>
</tr>
</tbody>
</table>
Table 4.10
Training Calendar 2010 – 11

<table>
<thead>
<tr>
<th></th>
<th>T</th>
<th>I</th>
<th>B</th>
<th>O</th>
<th>M</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisors &amp; Officers</td>
<td>9</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Manager &amp; Above</td>
<td>Nil</td>
<td>Nil</td>
<td>1</td>
<td>Nil</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>Workmen + CLR</td>
<td>7</td>
<td>Nil</td>
<td>3</td>
<td>1</td>
<td>Nil</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>30/30</td>
</tr>
</tbody>
</table>

4.14.14 Quality Work Life (QWL)

It denotes quality of relationship between employees & total working environment. QWL is a process by which an organization responds to employee needs for developing mechanisms to allow them to share fully in making the decisions that designs their lives at work. It helps the top management & HR personnel to develop better HR policies & practices that can improve the QWL of employees.

QWL = Job enrichment + workers participation scheme

It is defined in terms of human growth, exciting work place, creativity & innovativeness, concern for people, demarcation of workplace.
• Performance can neither be achieved by external motivation nor by financial rewards, rather does it come from the works and their total working environment.

• The focus is not only on how people can do better work, but also how may cause to people to do better.

• A happy & healthy employ & will give better turnover, make good decisions & positively contribute to the organization goals

• An assured good QWL will not only attract young & new talent but also retain the existing experienced talent.

• QWL was first introduced in 1972 during International labour relations conference.

“A HAPPY EMPLOYEE IS A PRODUCTIVITY EMPLOYEE”

4.14.15 Performance appraisal in HNL

• It helps in identifying employee role/functional competencies

• Helpful in finding out the decision making skills, leadership skills, creative ability, innovativeness, organizing skills, co-ordinating skills, common skills, interpersonal skills

• It is achievement oriented

• Rewards and provisions are based on these results

• Career development takes place on the basis of this results

4.14.15.1 Employee participation in management

(1) Open Interaction

(2) Frequent communication meeting
(3) Bipartite – Works Committee

(4) Bipartite - Canteen Committee

(5) Bipartite – Grievance Committee

(6) Bipartite – Shop council

(7) Bipartite – Plant council

(8) Bipartite – Productivity improvement forum

4.14.16 HR & ES Department

HR is of paramount important for the success of any organization. It is the source of strength & aid and is the wealth of every organisation which can help in achieving its goals. It is concerned with human beings in an organization; it reflects a new outlook which views organizations manpower and its resources as assets. The values, ethics, beliefs of the individuals working in an organization also form a part of human resource. It helps in creating a better understanding between employees & management; this in turn helps the workers to attain individual and organization goals. In the present complex and rapidly changing socio-cultural environment, no business or organization can survive or grow without effective management of human resource. So human resource management become the focus of every progressive organization.

Here in HNL, HR Department was earlier known as P&A Dept. As the time changed it become statutory for having an effective HRM for the growth of organization, even though P&A department worked quite well. The introduction of HR&ES become more effective & goal achieving.
4.14.17 HRD in HNL

The company gives utmost importance to the development of human resource through initiatives at skill reinforcement and capacity building of its employees to equip them to integrate their individual advancement needs with company’s objectives. The company has accomplished this task by conducting 60 in-house training programs in which 752 workmen and 1077 man days of officers or supervisors participated in addition to the company sponsored 161 officers and 46 workmen for 89 external customized technical & management programs during various years.

Employees are the backbone of any organization and the core competence of an organization is the sum total of its employees & prepare them to pace the challenges of the next millennium. The organization requirement and individual employee requirements are HNL’s concern while
formulating training. In every year the HRD section prepare a training
calendar form April to next year March. After that a notice is sent to every
HOD’s asking the candidates for the programs. Then the names are collected
and is grouped under the requirements. After the training programs the
participants should submit a report to the section. Once in every 3 months all
the HODs prepare an evaluation report and submit to the HRD section. Based
on that report the HRD section arranges training programs for the employees.
The HRD section conducts 93 training programs during the 2004-05 with a
cost of Rs. Rs.4,81,742.

**List of some training programs conducted in HNL**

- Leadership development
- Electrical safety & Industrial safety
- Common skill development
- Dealing with negativity
- Better house keeping
- Planning for retirement

**4.14.17.1 HRD Mission**

To promote & inculcate value based culture utilizing the fullest
potential for HR for achieving the organization goals.

The main function of this department is to arrange training for the
employees well as training for freshers like ITI students etc.
The department conducts 5 types of training programs

- In house training – inside the company with external or internal faculties
- Sponsored training – conducted outside
- Induction training – new recruiters
- Apprentice training – to ITI, diploma & graduate holders
- Project training – Post graduate & graduates

4.14.17.2 Employee Service

As employees are the backbone of the company, it is also important to keep them healthy and in a good atmosphere as important as giving training and improving their skill. So this department plays a vital part in looking after the employee welfare. This department has 11 sections.

1. Time Office
2. Establishments
3. Labour welfare
4. Administration
5. Industrial relations
6. Public relations
7. Legal
8. Medical
9. Township
10. Security
11. Transportation
A. Time Office

Time keeping, attendance recording, Punching Machines, Record OT, Holidays and leave management, working hours recording.

B. Establishments – Personal records, transfer & promotion, performance appraisal system, advance, incentives for higher/professional qualification allowance, wage scale fixation, annual increment, LTC, special CL

C. Labour welfare – both stationery & non-stationary welfare measurers

*Functions of Labour Welfare Officer*

- Establish contacts, maintain harmonious relating between management and employees
- Settling grievances of workers by acting as liaison officer
- Study and understand labour views to help management in formulating policies
- Watch industrial relation to interface the dispute to arrive at a solution
- Advice provision of welfare facilities
- To encourage provisions such as canteen, restroom, crèches, latrine facilities, drinking water facilities
- To help in submission of leave application

D. Industrial relation

- Deals with Union – Management relationship
- Collective bargaining
- Long term settlement
• Productivity linked incentive & bonus schemes
• Distribution of uniform, shoes, umbrellas

E. Medical - 10 bedded health clinic
F. Township & Administration

_There are 4 types Quarters for the Company_

D-Types – Managers & above

C-Type – Deputy Manager & Assistant Manager

B-Type – Supervisor & above

A Type – Worker

H Type – Hostel

• Recruitment
• Promotions
Table 4.11
Training & Development Expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>19,56,658*</td>
</tr>
<tr>
<td>2002-03</td>
<td>10,85,206*</td>
</tr>
<tr>
<td>2003-04</td>
<td>4,45,221</td>
</tr>
<tr>
<td>2004-05</td>
<td>5,13,627</td>
</tr>
<tr>
<td>2005-06</td>
<td>5,82,926</td>
</tr>
<tr>
<td>2006-07</td>
<td>3,88,310</td>
</tr>
<tr>
<td>2007-08</td>
<td>4,86,692</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,49,236</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,17,830</td>
</tr>
<tr>
<td>2010-11</td>
<td>1,22,592</td>
</tr>
</tbody>
</table>

Source: Company records

*Few employees were sent to training abroad. To that execute the expenditure seems inflated.

4.15 HNL Manual

HPC has a dominant role on the country’s paper industry. The mills of the company being in North Eastern region, the Company always faces difficulty in attracting & retaining high caliber personnel and the HRD Department has to play a pivotal role in ensuring not only optimum utilization of the valuable human resources but also attracting & retaining high caliber personnel to man the various positions. HPC family is a well knit team and in the light of the challenges faced by the Company in the years ahead, it is very important to keep communication channels open, so that the vast majority of
employees who constitute the human element of the enterprise not only understand its polices but also carry on its goals, values and objectives.

4.15.1 Definition

**Employee** – means a person appointed to any position in the corporation and will include employees in the centralized cadre posted in subsidiary companies of the Corporation. It will also include the probationers.

**Permanent employee** – means an employee who has satisfactorily completed the prescribed probationary period & whose appointment has been confirmed in writing by the Corporation.

Executives are first appointed as executive trainees for one year and after the successful completion of the training they are appointed on 6 months probation.

4.15.2 Methods of Recruitment

A. **Direct recruitment**

It is normally through employment exchanges and advertisements in the newspapers. Employees so appointed may be regularized after completion of 18 months training. Recently there are no such appointments in HNL. The Company usually made appointments on contract basis.

B. **Deputation from Government Departments & Other Public Sector Undertakings**

C. **Promotion of employees of the Corporation**
4.15.2.1 Fresh Appointment and its Nature

1. *Apprentice trainee under Apprentice Act* – only for worker category and they are eligible for stipend only

2. *Advance Trainee* – from worker category who have successfully completed the apprenticeship is eligible for appointment on a contract basis for 3 years

3. *Supervisor (Tenure)* – appointed for a tenure of 3 years for only Supervisor & Executive category purely on contract basis

   *It is to be noticed that last permanent appointment was made in the Company on June 2008 with an exception of filling two vacancies (W2 & W3) in 2010 by appointing two disabled persons.*

4.15.2.2 Principles governing promotions

The three basic principles governing promotion are:

- Merit
- Efficiency and
- Past performance

4.15.2.3 Policy & Rules for Centralized Recruitment of Executives (w.e.f 16 April, 1992)

*Objectives*

a) To effectively plan & induct manpower with desirable level of qualification, skills, aptitude, merit and suitability.

b) To attract and retain the best available talent in the country in engineering & other professional areas like Finance, Marketing, Commercial & Personnel etc.
c) To create a cadre of executives to take up higher assignments and key positions of the company.
d) To ensure placement of right man at right time and place through a systematic scheme of centralized recruitment which will be regular and effective.

4.15.2.4 Mode of Recruitment

1. Campus recruitment
2. Recruitment by advertisement
3. Recruitment & absorption of Executive Trainees
4. Appointment through internal circular and from Government and PSU
5. Absorption of deputationist
6. Recruitment of scarce category personnel through expert agencies or personal contact

It should also be observed that:

i) Executive trainees will undergo induction and on the job training for a period of one year
ii) Training is co-ordinated by Corporate Personnel Directorate which formulate the training schemes and monitor the training program.
iii) On the basis of the performance report or final test or interview, the executive trainees may be absorbed in company service
iv) Absorbed in Executive (E1) grade and on probation for a period of six months
4.15.2.5 Promotion policy & career planning for Supervisor & Executives and rules for promotion (w.e.f 16 April, 1992)

HPC, as a forward looking organisation, is committed to identify, train, develop & sustain its human resources so as to integrate the individual career aspirations with the fulfillment of company objectives through a fair, equitable and performance-oriented promotion policy.

Policy Objectives

a) To integrate the growth opportunities of the executives with the fulfillment of the company objectives

b) To identify, train & develop competent person with growth potential & to provide a policy environment for high level of performance.

c) To provide a system of equality in opportunity, equity in assessment and uniformity in implementation in the matter of promotion.

d) To ensure continuity of management by systematic succession for key executive positions

e) To seek & provide a continuous team of executives for sustained growth in the company

f) To identify surplus categories of personnel & train/retrain them for proper deployment for maximum utilization of manpower.

Promotion system

i) All promotion made in accordance with promotion policy will be from are scale of pay to the next without skipping any scale of pay. All promotions should be primarily based on merit with due weightage to seniority, qualification and performance.
ii) Not more than 50% of the E1 posts vacant during the year ending June 3, will be filled in by promotion from amongst the senior supervision staff.

iii) The assessed manning requirement & career growth rate will be taken into account by the Department Promotion Committee (DPC) while recommending promotion in order of merit.

iv) The maximum percentage of vacancies to be filled by promotion shall be decided by the competent authority from time to time

Promotion norms

i) Eligibility Factor\(\rightarrow\)Qualification + Qualifying Period of service + prescribed standard in performance appraisal + attendance & conduct

ii) Suitability factor\(\rightarrow\)include an interview and or assessment of the potential of the post other than in his own channel of promotion

Outstanding performance

Executive who have outstanding reports for 3 consecutive years shall be considered for promotions after 3 years after proper review by functional directors & M.D. In all other cases, 4 years of services should be completed to next promotion post (Eg. E1\(\rightarrow\)E2)

Counseling low performance

The low performers who fail to fulfill the prescribed eligibility norms for 3 successive years shall be counseled by performance review committee constituted under performance appraisal system. This is in addition to the counseling done by their respective reporting officers as laid in appraisal system. The committee may also recommend developmental training and or change of job to enable such low performance to improve performance
Date of promotion

Promotion shall be processed once a year in the month of May/June

Mechanics of promotion

The DPC shall arrive at its recommendation for promotion taking into account the marks secured in the following factors

<table>
<thead>
<tr>
<th>Promotion post</th>
<th>For qualification</th>
<th>Length of service</th>
<th>Performance appraisal</th>
<th>Interview/assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>S2, E1, E2 &amp; E3</td>
<td>15</td>
<td>20</td>
<td>50</td>
<td>15</td>
</tr>
<tr>
<td>E4 &amp; E5</td>
<td>15</td>
<td>15</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>E6, E7, E8</td>
<td>15</td>
<td>10</td>
<td>50</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Company manual

Eligibility Factor for promotion

A. Attendance

- No leave without pay (LWP)
- Condone upto 3 months on medical ground
- LWP due to accident out of & in the course of employment, may be relaxed
**B. Conduct**

- Clean service and no history of punishment
- For suspended executive, promotion only after exoneration
- Demoted executives must complete the qualifying period de novo

**C. Performance appraisal**

- 60% minimum appraisal rating for the preceding 3 consecutive years for promotion

**D. Qualification & Experience**

- Minimum qualification: Graduation
- Minimum qualification year: 4 years and for outstanding employees 3 years

**Guidelines for promotion of employees in Non-executive cadre**

- Promotion within the unit only
- Transfer on request
- Promotion once in every 4 year
- 75% internal & 25% external recruitment subject to the discretion of management
- Criteria for promotion is suitability – cum – seniority
- Suitability means experience in line, qualifications, general behaviour and conduct, performance evaluation as well results of trade test / departmental exam / interview prescribed
4.15.3 Pay & Allowances

The various provisions related to pay and allowances are:

**Designation of executives below Board level**

1. Executive Director  **E8**
2. GM / Chief Executive  **E7**
3. Deputy General Manager  **E6**
4. Senior Manager  **E5**
5. Manager  **E4**
6. Deputy Manager/ Senior Plant Engineer/Senior shift in charge  **E3**
7. Asst. Manager/Plant Engineer/Shift in charge  **E2**
8. Executive/Assistant Engineer  **E1**

**Table 4.13**

Revised scale of pay in the Company for Board level Executives

<table>
<thead>
<tr>
<th>Designation</th>
<th>Existing pay</th>
<th>Revised pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD</td>
<td>25750-650-30950</td>
<td>75000-90000</td>
</tr>
<tr>
<td>Functional Director</td>
<td>22500-600-27300</td>
<td>65000-75000</td>
</tr>
</tbody>
</table>

*(wef 1-1-2007)*
### Table 4.14
Revised scale of pay in the Company for below Board Level Executives

<table>
<thead>
<tr>
<th>Category</th>
<th>Designation</th>
<th>Existing pay</th>
<th>Revised pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-8</td>
<td>Executive Director</td>
<td>20500-500-26500</td>
<td>51300-73000</td>
</tr>
<tr>
<td>7</td>
<td>GM</td>
<td>18500-450-23900</td>
<td>43200-66000</td>
</tr>
<tr>
<td>6</td>
<td>Dy.GM</td>
<td>17500-400-22300</td>
<td>36600-62000</td>
</tr>
<tr>
<td>5</td>
<td>Sr. Manager</td>
<td>16000-400-20800</td>
<td>32900-58000</td>
</tr>
<tr>
<td>4</td>
<td>Manager</td>
<td>14500-350-18700</td>
<td>29100-54500</td>
</tr>
<tr>
<td>3</td>
<td>Dy. Manager</td>
<td>13000-350-18250</td>
<td>24900-50500</td>
</tr>
<tr>
<td>2</td>
<td>Asst. Manager</td>
<td>10750-300-16750</td>
<td>20600-46500</td>
</tr>
<tr>
<td>1</td>
<td>Executive</td>
<td>8600-250-14600</td>
<td>16400-40500</td>
</tr>
</tbody>
</table>

wef 1-1-2007

### Table 4.15
Revised scale of pay in the Company for non-unionised supervisors

<table>
<thead>
<tr>
<th>S_2</th>
<th>Senior Supervisor</th>
<th>6550-220-11390</th>
<th>12600-32500</th>
</tr>
</thead>
<tbody>
<tr>
<td>S_1</td>
<td>Supervisor</td>
<td>6000-200-9200</td>
<td>11500-29600</td>
</tr>
</tbody>
</table>

wef 1-1-2007
In addition to the basic pay, they are eligible for fitment benefit @ 30% of the basic pay & DA @ 78.2% of basic pay. Rate of annual increment is @ 3% of salary (rounded off to the next multiple of Rs. 10)

**Stagnation increment** - Maximum 3 stagnation increment @ 3% will be allowed once after every 2 years. Upon reaching the maximum of the revised pay scale provided he gets a performance rating of ‘Good’ or above.

- Eligible for HRA, if no accommodation is provided
- No CCA
- *The quantum of incentive on acquiring professional qualification will be dispended w.e.f 18-05-2009 and status withdrawn*
- BOD has decided to conceptualize & operationalise the Performance Related Variable Pay scheme (PRVP)

**Concept of ‘Cost to company’ (CTC) for executives only**

Cost to company (for reporting cost of manpower) = Executive compensation + pay + allowances + perquisites + retirement benefits + (Township + Hospital + School + Club) only recurring expenses on maintaining & running these infrastructural facilities + workmen total basic pay

- No subsidy of electricity to executives and subsidy only to workers
- Subsidized food in the canteen for both executives & workers (earlier subsidy to executives withdrawn & then reinstated)
- Subsidized water connection from company own water supply system
- Practice of providing milk to executives withdrawn (now only to workers – a packet of milk for every worker)
- Gratuity – ceiling limit for gratuity raised from 3.5 lacs to 10 lacs wef 1-1-2007
• Provident Fund as per Law
• Other perks & allowances - reimbursement of conveyance expenses, tuition fee, family planning incentives, LTC, Company leased accommodation (for E6 & above), night shift allowance for supervisors, tea allowance

Related Matters

▪ Adequate internal resources would be generated to pay revised salary
▪ Other than key & statutorily required officials, the company would not make any new recruitment so that specific cost of production doesn’t increase. Redeployment of personnel wherever possible without resorting to fresh induction.

Other benefits

▪ Shift allowance to workers who are in rotating shifts
▪ Washing allowance
▪ Children education allowance
▪ Cash handling allowance
▪ Special allowance for physically handicapped
▪ Overtime allowance
▪ LTC – Objects – to grant as a welfare measure, travel concession to the employees of the Corporation and their families for journeys to their home town or any other place in India and during leave 2 visits to home town in a block of 4 years or one visit to home town and one visit to anywhere in India without mileage restriction or 2 visits to anywhere India, subject to a mileage restriction of 3000 kms both ways & 1500 km either way
▪ Uniform – being provided to the workmen by the company
- Medical benefits – reimbursement of hospitalization on production of relevant vouchers as per existing rules. (previously covered under ESI)
- Undergoing family planning operation – special increment is entitled by the employee
- Dependant appointment - subject to qualification and suitability, provided that the family of the employee is in immediate need of assistance, there being no earning member in the family
- Accident benefits for those who covered under the ESI Act. For those who are not covered under the Act, Workmen Compensation Act is applicable for compensation
- Group Insurance – Premium borne by the company
- House building Advance
- Conveyance advance
- Festival Advance
- Medical Advance
- Provident Fund
- Gratuity
- Death relief Fund – constituted by contributing a fixed monthly amount to the death – cum-superannuation fund
- Training & Development – with prior permission of management, can take up a study for appearing any recognized exam, related to his job/or improvement of his performance – special casual leave for the days of exam – limited for 2 attempts for each exam
- Productivity & individual peace – Unions & management agreed to cooperate in minimum OT and absenteeism
- Safety – Safety committee with representatives of workmen
- Pension scheme
Employees’ Contributory Provident Fund:
Subject to provisions of Employee Provident Fund Scheme, 1952

Total CPF contribution = Minimum of 10% salary by employee + Maximum of 10% salary by the employer

Employees’ Family Pension Scheme, 1971:
Subject to provisions of Employee Provident Fund & Miscellaneous Provisions Act, 1952

Total contribution=$\frac{1}{6}$% of salary by employee + $\frac{1}{6}$% of salary by employer

Gratuity

It shall be granted for good, efficient & faithful service to whole time employee on termination of employment in the following circumstances:-

- Service for not less than 5 years, except in case of death
- Payable immediately on termination
- At any case within 30 days of date of entitlement it should be settled

Amount of gratuity = $\frac{15}{26}$ x a month’s emoluments

Voluntary Retirement Scheme (not open now)

Compensation under VRS = 35 days last salary x No. of years of service rendered + 25 days salary last drawn x No. of years for superannuation as on the date of VRS

- Festival advance rules
- Conveyance advance rules
- House Building Advance Rules
- House Building Loan from specialized agencies like HDFC,LIC,GIC
• Incentive scheme for acquiring professional qualification on force from 1\textsuperscript{st} April 1992 to encourage employees.

**Schemes for non-monetary incentives to good workers**

*Objectives*

To provide visible recognition for good performance and accomplishment & motivate others to improve their performance and productivity.

**Kinds of incentives**

i) Running shield/trophy

ii) Merit certificates/citations

iii) Publication of names along with photographs of winners in journals as well in the notice board

iv) Additional training programmes

v) Exchange of visits of good workers from one unit to another

vi) Giving facilities to visit places of interest

Group incentives should also be given for cleanliness, safety, productivity, waste reduction, optimum utilization of manpower and materials, preventive maintenance, minimum breakdown and input conservations.

**Key strengths of HNL**

The key strengths of HNL include:

1. One of the largest news print manufacturer in the country, manufacturing & marketing quality newsprint since 1982
2. Strategically located with close proximity to Kochi ports as well as broad gauge railway station

3. First Indian company go to export news print in 1996 & possess potential for exports owing to its strategic location

4. Diversified raw material sources comprising subsidized wood from Govt. of Kerala, captive plantations, Farm Forestry Scheme & purchase at Gate system.

5. Sources its water requirements from a perennial river at nominal costs.

6. Meeting all environment related norms & possesses ISO 14001 certification for its Environment Management System for the company as well the township.

7. Products meet quality requirements of all big newspapers in India & the company possesses ISO 9002 certification for its quality management systems.

8. Operated at more than 100% capacity utilization for two out of the last three years with 104% capacity utilization in 2000-01 as against the industry average of less than 60% (CRIS-INFAC)

9. Use several environment friendly technologies in manufacturing process, significantly enhancing resource conservation. Along the lines of the global shift towards recycled fiber in paper making, HNL operates a 100 tpd state of the art, energy efficient & environment friendly de-inking plant for the past eight years to supplement its fiber requirements, reducing its dependence on forest based virgin resources.
10. Technologically advanced management and production systems with the installation of an Enterprise Resource Planning (ERP) system for improved synergies in operations & other systems in an advance stage.

11. A profit making and dividend paying company for the last ten years and the net worth of the company (excluding capital reserve) as on March 31, 2001 stood at Rs. 2166.1 million (approx. $44.87 million)

12. Rich pool of skilled and experienced man power

13. Cordial industrial relations with no company specific closure on account of labour unrest in its history of operations

**SWOT Analysis**

<table>
<thead>
<tr>
<th>S-Strength</th>
<th>W-Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco friendly products</td>
<td>High cost of production</td>
</tr>
<tr>
<td>High productivity</td>
<td>Scarcity of raw materials</td>
</tr>
<tr>
<td>Indigenous power production</td>
<td>Limited variety products</td>
</tr>
<tr>
<td>Experienced employee</td>
<td>Partial dependence on KSEB power</td>
</tr>
<tr>
<td>Fully computerized system</td>
<td></td>
</tr>
<tr>
<td>Imported machinery</td>
<td></td>
</tr>
<tr>
<td>Good customer relation</td>
<td></td>
</tr>
<tr>
<td>ISO certification</td>
<td></td>
</tr>
<tr>
<td>Good employer-employee relation</td>
<td></td>
</tr>
<tr>
<td>ERP system</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>O-Opportunity</th>
<th>T-Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancement in technology</td>
<td>Increase in the price of imported pulp</td>
</tr>
<tr>
<td>Attain self sufficiency in power generation</td>
<td>Competition from abroad</td>
</tr>
<tr>
<td>Increase the capacity of DIP</td>
<td>Deforestation</td>
</tr>
<tr>
<td>Implement new turbo generator</td>
<td></td>
</tr>
<tr>
<td>Diversified products</td>
<td></td>
</tr>
<tr>
<td>Increase production –tap large market</td>
<td></td>
</tr>
</tbody>
</table>