CHAPTER IV

THE JAPANESE MANAGEMENT MODEL - ADAPTATIONS IN MARUTI UDYOG LIMITED

Maruti Udyog Ltd. (MUL, hereafter) was incorporated on 24th February 1981 as a public sector company by taking over the business of Maruti Ltd. In October, 1980 when Maruti Ltd. was nationalised, it was a sick unit having huge accumulated losses. In less than a decade, the company has turned the corner and has in fact emerged as top performer in the public sector. In the year 1988-89 it was making profits to the tune of more than 4 per cent of the sales turn over. It is already manufacturing more than a lakh vehicles, with a targetted production of 1,50,000 vehicles by 1990 and diversification plans for 1000 cc 3-box car.

IV.1. Incorporation and Takeover of MUL

The Maruti Ltd. was formed with the main object of producing a low-priced 'people's car' indigenously. Since its inception in the Seventies the project had been an unmitigated failure despite generous assistance from the government. The company deviated from its main object to pursue a number of other objects such as construction of bus bodies, supply of road-rollers etc. under the name Maruti Heavy Vehicles. For the time being
the commercial production of the car was abandoned. To keep the employees occupied, they were assigned the task of making pen caps, name plates, lock parts and other minor accessories. During all these years Maruti Ltd. continued to flounder in debt. By the end of 1976 it had accumulated a loss of Rs.23 million, which was only slightly lesser than the company's initial capital of Rs.26.4 millions.

The idea behind the takeover of Maruti Udyog Ltd. in the public sector was to modernise the auto industry which had been technologically stagnating for three decades. The objective was to produce a fuel-efficient car on a large scale, which should be within the reach of the middle class - a 'people's car'. The above objective was based on an extensive market study. The results of the study were: firstly more than 90 per cent of the time, the car is used for travel within the city; secondly the number of times a car carries more than six passengers is less than 10 per cent; thirdly a personal car does not do more than 22-300 Kms. a day; fourthly among the factors considered important in the choice of a car, fuel efficiency was indicated to be of primary concern. This was followed by low maintenance cost. The initial cost of the car was the third consideration. Based on the results of this market survey, MUL took a decision to go in for a smaller fuel-efficient car.
Based on the findings of the market survey, MUL launched a search for a collaborator, who could make available the required technology. The company contacted all the leading auto manufacturers in Europe and Japan. Europe offered medium to large sized cars whereas Japan offered a small, highly fuel-efficient car with the added advantage that the car had commercial derivatives which could be manufactured using common production facilities and components. The company found this to be an effective solution for breaking the vicious circle of low volume and high costs. Among the Japanese offers Suzuki Motor Company's (SMC) offer was found to be the best. The joint venture agreement provided for transfer of technology along with equity participation by SMC to the extent of 26 per cent which could be increased to 40 per cent at a later date.

The Maruti factory is located on Palam-Gurgaon road in Haryana in an area of 120 hectares of land. The corporate office is located in New Delhi. The total initial investment in the project was Rs.269 crores. The investment in the manufacturing facilities was based on a programme of manufacturing which envisaged that about 60-65 per cent of the components would be bought from the ancillary industry and 30 per cent would be manufactured in Maruti factory, and the remaining 5-10 per cent would be the import content (after completing the
indigenisation programme). Keeping in view this approach and the installation of modern equipment, it was expected that the total manpower strength of the company for operating at full capacity would be about 4000 employees. The total installed capacity is 1,00,000 vehicles per year. This would imply a ratio of 25 vehicles per employee per year, as compared with an average of 2 vehicles per employee per year so far prevalent in the Indian auto industry.

The product range proposed in the agreement with SMC included a small car (800 cc engine), a van, a pick-up truck and a four-wheel-drive vehicle. The pick-up truck project has since been abandoned and plans are afoot to manufacture 1000 cc 3-box car.

IV.2. Organisation Structure

To streamline the working of the company and with a view to clearly identify areas of responsibility and the delegation of powers which go along with it, a well defined structure of managing operations has been designed.

The company is headed by a Chairman and is assisted by a Managing Director. At present, the Chairman of the company is Mr. V. Krishnamurthy while Mr. R.C. Bhargava is the Managing Director. Mr. O. Suzuki (the
The president of Suzuki Motor Company, Japan, is also on the board of MUL. Mr. A. Shimohara of SMC is the Director Production. Thus Suzuki Motor Company is an active partner in the management of Maruti Udyog Ltd.

The following structure of managing the operations is followed in the company.

```
DIVISION
  |
  |
DEPARTMENT/SHOP
  |
   |
SECTION
  |
   |
GROUP
```

The total operations of the Company are divided into eight Divisions. These are:

1. Production
2. Production Engineering
3. Purchase
4. Engineering
5. Marketing & Sales
6. Finance
7. Personnel
8. Administration
Essentially, Heads of the Divisions form part of the top management team for the Company. Efforts to further strengthen the top management team are continuing. In the meantime, the Divisions are headed as follows:

1. Production: Chief General Manager (Production Division)
3. Purchase: Chief General Manager (Purchase Division)
4. Engineering: Chief General Manager (Engineering Division)
5. Marketing & Sales: General Manager (M&S)
6. Finance: Director (Finance)
7. Personnel: Joint Managing Director
8. Administration: Deputy General Manager (administration)

The differentiation in the levels of managers heading different divisions probably corresponds to the priorities of management. Personnel function is assigned the pride place with Joint Managing Director heading the division. Detailed divisions of the organisation structure are shown in Annexure IV.A.

Each department is organised further into various sections. These sections are formed with the objective of simplifying the working of the department in these
functional areas and to avoid interface problems or diffusion in responsibility between sections.

IV.2.1. Delegation of Powers

Delegation of powers in the Company is made according to the management levels as defined above, i.e. certain powers are delegated to the Divisional Managers who in turn delegate such of these powers as may be necessary to Department Managers who in turn delegate some of the powers to Section Managers.

Designations: The system of designations has been de-linked from the salary structure and linked instead to the organisation structure. The link between the salary levels and designations is flexible, as follows:

<table>
<thead>
<tr>
<th>Designations</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. DGM/General Manager/CGM Ltd.</td>
<td>L16-L15</td>
</tr>
<tr>
<td>Head of Division</td>
<td></td>
</tr>
<tr>
<td>2. Department Manager</td>
<td>L15-L16</td>
</tr>
<tr>
<td>3. Section Head</td>
<td>L12-L14</td>
</tr>
<tr>
<td>4. Executive Supervisor</td>
<td>L08-L12</td>
</tr>
<tr>
<td>5. Technician (for technical areas)</td>
<td>L03-L07</td>
</tr>
<tr>
<td>and Assistant (for non-technical areas)</td>
<td></td>
</tr>
<tr>
<td>6. Attendant</td>
<td>L01-L02</td>
</tr>
</tbody>
</table>
In exceptional circumstances, if a person at a lower level is appointed to assume a higher responsibility, e.g. an L13 person is appointed as Department Manager, this is done with the specific approval of the Managing Director.

IV.3. Statement of Corporate Philosophy

The prime objective of MUL since its inception has been to provide the necessary impetus for the modernisation of automobile industry and to take a lead in this direction. This is to be achieved by manufacturing in large volumes, thus paving the way to the development of component industry. Production in large volumes requires low cost and high quality.

The package of modernisation contains, apart from technological innovations, the modernisation of ideas, thoughts and approaches of management. The Company sincerely believes that the essence of this package should percolate to the entire gamut of activities - be it productivity, cost effectiveness, discipline or sense of responsibility.

Management Philosophy

The philosophy and culture adopted by MUL at aim at imbibing certain attributes which are based on the success stories of industrially advanced countries,
particularly Japan, without losing the distinctive characteristics of Indian people. The prominent attributes are:

a) Team work.

b) Organisational and Industrial Discipline.

c) Higher levels of productivity, in terms of per unit of capital and per unit of labour.

d) Cost effectiveness both in products and services.

e) Customer orientation.

f) Quality Consciousness.

g) Greater accent on human resources - respect for human beings.

h) Sense of responsibility and commitment to the organisation.

**Maruti Culture:** The management of the company strives to build a work culture in the Company with the objective of fostering efficiency, productivity and team spirit. The beginning in this direction is to create an environment where "we" feeling dominates - where each member considers himself to be an important member of the large 'Maruti Family'.
Maruti Family: The concept of family becomes more meaningful when the members actually develop family type feelings for one another, help the fellow workers in their work-related and other problems. In a congenial atmosphere of openness they can develop a sense of pride from being a member of 'Maruti Family'.

Concern for the Human Aspect: Attempts are directed towards creating an atmosphere where each member respects his fellow workers' opinion. This goal can be achieved by a system of mutual cooperation and acceptance, each one recognising his own work and responsibility while understanding the thoughts and feelings of his colleagues. A candid and open way of functioning must co-exist with an empathy for the views of professional counterparts. Equally important would be to refrain from the idea of hampering company interest at the cost of furthering self-interest.

Working as a Team: The achievement of trust and mutual cooperation can be created only when members begin to value team work. A team is not merely a group of persons working together but one where members are bound together by interpersonal relationships and there is sufficient mutual contact between them.
In case of interrelated tasks though healthy competition between various teams is desirable yet it must never be at the cost of organisation. Assistance to each other in solving problems/difficulties whenever the need arises should be forthcoming. Whenever a mistake is committed the approach should be one of 'What is the problem?' rather than 'Who is the problem?'.

**Concern for Quality:** It is the task of each and every member of Maruti family to discipline his mind to the values of service and quality that the company has adopted as its golden motto. It would be useful to bear in mind that quality in all aspects - be it product manufactured, work done, the type of service rendered, even interpersonal relationships - will make the members 'quality' individuals. Only when each member becomes a quality individual is a quality organisation possible. To this end each person should steel himself against any compromises on quality.

**Concern for Cleanliness and Safety:** Efforts should be directed to keep the work place clean and safe, thereby protecting the workers from accidents, damaging health or even loss of life. Since everybody enjoys working in a clean environment, all must contribute towards creating it: "The Company belongs to us and we must treat it as our own personal property."
Discipline: Self-discipline will go a long way in achieving the goals. A beginning could be made with basic items like reporting for work slightly earlier instead of just in time. This will ensure sufficient work preparations for the day.

Performance Orientation: It will be useful to keep in mind that it is not result alone which matters in the achievement of a task. More important is the performance or efforts which made the achievement possible. It will thence benefit an organisation to encourage the 'doer' as much as the 'achiever' of the task.

Value of Economy: Economy in both time and money should be observed. "Do we really need this?" is the question that should always be posed. Economising in manpower is equally essential. However, the objective of such a strategy should make the best possible use of human potential without creating a sense of exploitation. Planning the routine and preparing work schedules would be of great assistance in this aspect.

Development of Human Resources: The Company realises that enhanced productivity and improvement in quality can be achieved only by making sincere efforts towards
the development of the individual. The focus should be on developing the individual as a whole and not merely on job-related skills.

The desirable effects of human resource development will be reflected in a growing sense of commitment in the individual member to his work, to his fellow workers and to the organisation. If the organisation develops the individual, it is only natural that the individual will contribute towards the development of the organisation.

**Value of Information:** Knowledge begins with information. Members of Maruti family should realise the value of information sharing. Each member should be given adequate information about the job he is expected to perform. The information about the Company develops a sense of attachment to the organisation and pride in working for the Company. It would also be useful for him to inculcate the habit of clearing with his superiors all possible doubts he may have regarding his work.

Effective communication plays an important part in sharing information. The Company communicates the code and conduct which it expects from its members by formulating policies and procedures.
The Company strives to set up a distinctive Maruti culture, which will be a model for other industrial undertakings, in both private and public sectors. It has done some pioneering work in defining the philosophy of the organisation and in attempting to create a culture similar to the one prevalent in Japanese business world. The Company regards this as a challenging task, where there is no scope for complacency.

IV.3.1. Philosophy Underlying the Personnel Policy

It is mainly in the field of Human Resource Management that the Japanese style of management is being adopted. Accordingly, the Company has well defined personnel policies, viz., recruitment policy, promotion policy, wage payment policy etc. The performance of all the employees is objectively assessed and suitably rewarded. The level at which an individual will be inducted into the organisation depends upon his qualifications, skill and experience. Requirements of the job, his skill and performance rating would further determine his growth, both in terms of responsibility and remuneration. The Company would make all efforts to provide opportunities to all employees to develop and grow with it. The needs of the average employee would be met and the performance
of the outstanding member would be duly recognised and
rewarded. These policies are circulated among the
employees from time to time.

**Delinking of Salary Levels from Responsibility Levels:** A
wage structure has been evolved which consciously breaks
away from the existing system of categorising employees
as executives, supervisors and workers, each having
separate grades. The categorisation in Maruti is not
based on salary structure, but cuts across different
salary levels. There are 18 salary levels $L_1$ to $L_{18}$. A
person can grow up separately on salary scale and on
responsibility scale. If one is very capable he can
move up fast, and it is immaterial on what salary level
he is. As a worker gains experience on a job over a
number of years he may improve in salary level, but
may still remain a worker if he is not capable to be
a supervisor. A person at $L_{12}$ may be a department
manager whereas as person at $L_{14}$ may still be a section
manager. Thus while remuneration is linked with time,
responsibility is not.

The number of responsibility levels has been
kept at minimum. This has been done with a view to
speed up the activities in the organisation by reducing
time and the unnecessary intervention in decision making.
This type of restructuring is in keeping with the practices followed by many successful organisations in advanced countries and is in contrast to the practices followed in other Indian companies.

**Attendance Bonus Scheme:** Under the attendance bonus scheme (ABS), the year is divided into four quarters. An employee not taking any kind of leave is given an attendance bonus of Rs. 150/- per quarter and in addition to that Rs. 600/- annual bonus if he does not take any leave during the year. This bonus is in addition to the leave-encashment.

**IV.3.2. Workers' Participation in Management**

Maruti management considers workers and managers as members of a team, so the involvement of workers in decision making and policy formulation is ensured in a number of ways.

**Maruti Sahyog Samiti:** It is an elected body representing all sections of people, various functional areas and different levels, viz., workers, supervisors, managers etc. Some members on the Samiti are nominated by the management. The Maruti Sahyog Samiti is a body independent of the workers' union. Members of Sahyog Samiti may not be members of the union.
Monthly meetings are held, minutes are recorded and distributed. Usually items on the agenda are:

i) Operational plans.

ii) Inter-departmental problems.

iii) Problems on the shop floor.

iv) Welfare of employees and interpersonal relations.

Apart from these, the promotion policy, bonus schemes etc. are placed before the Samiti before being finalised for their opinion. Any policy decision which affects all employees, e.g., shift timings, bus services etc. are referred to the Samiti for their acceptance.

IV.4. Suggestion Scheme and Small Group Activity

The suggestion scheme is a unique feature of Japanese Management. It was introduced in Maruti on the initiative of Mr. V. Krishnamurthy, the chairman of the Company, in January 1985. The scheme was basically meant to enable the workers, supervisors and executives to study their work better, to understand their work better and to start thinking of improvement in it. It increases the creativity of workers and makes them active participants in the growth of the organisation.
Philosophy behind Suggestion Scheme: Firstly, the Japanese believe in 'Quality of Life Concept', which relates to the entire environment in which one is working, whether it is one's job, the way of doing work, travelling to factory, family life or the group of workers with whom one is working. Accordingly, one the shop floor a worker normally thinks how to develop and improve the work and working environment, so that his overall stay in the factory becomes easier, simpler and happier. Secondly, the concept of 'Participative Management' which the Japanese call bottom up approach, lies behind the scheme.

Scope of suggestion scheme: Work improvement can be made by making suggestions for following purposes: i) work simplification, (ii) increasing safety, (iii) defeat reduction, (iv) quality improvement, (v) productivity improvement, (vi) cost saving, (vii) reducing rejection rate, (viii) better customer service.

The suggestion should give concrete ideas. It is expected that the suggestion should make it clear how it will lead to work simplification, cost saving, quality improvement, increased safety etc. The suggestion should not contain criticism about some work method or procedure without suggesting an alternative. There should not be any personal complaint regarding
salary, promotion or against a particular person. The suggestion should not be such that relates to the workers union, to government agency or to any external organisation.

IV.4.1. Quality Circles

The basic purpose of Quality Circles (Q.C.) is to get people to come together for discussing and deciding improvements to be made in their way of working not only to benefit the company but also for their own development and to do their job in a better way. Quality Circles are voluntary in all aspects and all employees at all levels may participate.

Suggestion scheme is different from Quality Circle. In the suggestion scheme, any one person can give his idea for improvement, even if it pertains to some other section/Department, whereas in Q.C. activity, the group undertakes some problems related to their own work area with the cooperation and guidance from their department Managers and line supervisors. Thus the twin objectives of the Quality Circles are to get good suggestions implemented in the work place, as well as to develop a spirit of team-work among employees resulting in a brighter and happier work-place.

Scheme of Quality Circles

Starting quality circles: The first step is to formally
register the group by giving a name to the group and filling up the Group Registration Form, which may be collected at the Small Group Activity Office. A leader may be selected on a rotation basis.

Meeting schedule: Normally a Quality Circle is to meet after working hours, i.e. after completion of normal work. Groups which meet once or twice a month after A-shift duty can avail of the corresponding transport facility for G-shift. In addition, a token amount of Rs.5/- per person, per meeting, is paid if the meeting is held after the working hours. This amount is limited to L12 and below.

Broad scope of the QC activity: A small group or Q.C. can discuss several topics for improvement of its own section such as:

- Reducing Cost.
- Avoiding Wastage.
- Safety.
- Quality of Work.
- Cleanliness.
- Solving Specific Problems in the area of Work.
Carrying out the activity: (i) Here the most challenging task is usually to find the answer to the question, "What are the problems to be solved?" or "What is to be improved?"

Though the Departmental Manager may help in the initial stages by indicating the areas to be improved, it is preferable for the group itself to decide after keenly observing the working of the area, i.e. search for improvement areas.

(ii) After identifying all existing problems, big and small, the group will be faced with the question "Which problem should be discussed first?" The group may either select the "easier problem" or the "most urgent problem". The group leader's responsibility extends till implementation and so he should ensure that the problem selected is not too difficult for the group to solve and implement by itself without delay. However, problems which require coordination from various Departments/Sections can be discussed with the Department Manager and can be brought to the notice of Suggestions Scheme Small Group Activity (S.G.A.) Coordinator.

(iii) Solution finding must be with active participation of all members. The larger the participation, the better will be the final solution since all aspects of the problem will be covered. This will also enable better development of all the group members.
Data may be collected to the extent possible and analysed with the help of graphs/diagrams to quickly arrive at the best solution which may be forwarded as the group suggestion.

**Reward System and Continuation of Quality Circles:** The rewards in Quality Circles are normally higher than those for individual suggestions. This is also because the quality of a Q.C. group suggestion is normally better than that of an individual suggestion.

The reward is only a token appreciation for motivating the Quality Circle to continue its activity and implement further ideas for all-round improvement. Further to this, yearly prizes are envisaged for the best Quality Circle in the Company.

The rewards for various categories of implemented suggestions are as per Annexure IV.B.

**IV.4.2. Management Support to Suggestion Scheme and Quality Circles**

In Maruti there is a separate section to look after the suggestion scheme and Small Group Activities, popularly known as 'Suggestion Group'. The co-ordinator of Suggestion Group reports directly to the Managing Director. To that extent everybody knows that the suggestion scheme has a lot of support from the top
management, which has significantly contributed towards the success in this area. The Suggestion Group has a lot of decision-making freedom.

**Evaluation of Suggestions:** Another good feature of the scheme and Q.C. circles is decentralisation in evaluation of suggestions. If a suggestion can be implemented at the level of line supervisor, it will not go to any higher level. The line supervisor is competent to take the decision and implement it. Thus a suggestion goes to the requisite level and not beyond that. There are no committees for evaluation of suggestions; this has been deliberately avoided. For example, anything pertaining to quality assurance will go to the concerned person and he will be the final judge in the matter. To that extent this system has worked very effectively.

**IV.5. Vendor Development and Indigenisation**

Maruti Project is based on sub-contracting two thirds of manufacturing activity. As such the overall quality and cost of the product will depend upon the quality and cost of components bought from outside. So the vendor development has to be given top priority. The modernisation of component industry is crucial for the quality of the product and for speedy
indigenisation to save valuable foreign exchange.

The speed of indigenisation will depend upon the way component industry responds to the large demand for components created by the Maruti phenomenon in the Indian auto industry. Mr. V. Krishnamurthy in his Chairman's address points out, "As a strategy for rapid indigenisation, Maruti has decided to offer joint ventures for developing components which are critical to the quality of final vehicles or require high technology and large investments or the economies of scale dictate a single source. Under this arrangement Maruti would offer to its Indian partners equity participation, infrastructural facilities, managerial and technological support. In fact, Maruti would extend all help to these projects, so that they could achieve the same standard of quality, productivity and cost consciousness, which Maruti is aspiring to inculcate in its own operation".

IV.6. Emphasis on Exports

The policy of the Company regarding exports states that for a long time the demand for passenger car remained limited upto 40,000 per year. With the advent of Maruti the demand has now increased to more than 1,30,000 per year. This trend of increase in demand
will not continue indefinitely. It is expected that the demand will start stagnating at the level of 1,50,000 cars per year; thereafter the demand will increase very marginally, i.e., about 5 per cent per year. This is a matter of great concern for Maruti, as it means that in the years to come there will be very little scope for growth and expansion of the Company.

The main objective of search for an export market is to provide suitable opportunities of development and growth to the Company as well as the employees of the Company. In the absence of continuous growth of the Company, it may not be possible to provide to the employees opportunities for securing more physical benefits and for their personal development. So it is necessary that Maruti should establish itself in the foreign market well in advance.

Secondly, the exports are important to earn valuable foreign exchange. The implementation of Maruti project has involved a large amount of foreign exchange, even now many components are being imported from Japan. So the Company should earn sufficient foreign exchange not only to offset its own requirements but also to generate some surplus for the nation.
Thirdly, by entering the export market, the Company will be able to keep pace with the developments in the international market. The competition in the international market is so fierce that the Company will have to keep a tight control over quality, productivity and cost, to survive in the market. Thus, Maruti will provide lead not only to the Indian automobile industry but also to the engineering industry as a whole.

In a communication to the employees, the Managing Director, R.C. Bhargava aptly summarises his concern for quality, which is a pre-requisite for success in export market. "The Company has to be extra-conscious regarding the quality of the vehicle, spares and after-sale service, because Indian engineering goods do not enjoy a good reputation in the international market and above that we have to compete with the products of Japan and Europe. Once we are discredited in the quality aspect, it will be really very difficult to remove this stigma. Thus we have to give top priority to quality in order to create an assured market for our product in future. Every body must be keenly conscious of not wasting any of the company resources. Each person should realise that slackness on his part would seriously jeopardise the chances of Company's success in the export market."
Departments and Corporate Headquarters

1. Production:
   1.1. Vehicle Assembly Shop
   1.2. Engine Assembly Shop
   1.3. Paint Shop
   1.4. Weld Shop
   1.5. Machine Shop-1
   1.6. Press Shop-3
   1.7. Stores
   1.8. P.Q.C. & I. (Production Quality Control & Inspection)
   1.9. Tool Room.
   1.10. P.P.C. (Production Planning & Control)

2. Production Engineering:
   2.1. Assembly Engineering
   2.2. Paint Engineering
   2.3. Weld Engineering
   2.4. Machine Engineering
   2.5. Press Engineering
   2.6. Maintenance & Facilities
   2.7. Civil Engineering
   2.8. Budget & Monitoring of Capital Works

3. Purchase:
   3.1. Indigenous Components
   3.2. Imported Components
3.3. Consumables
3.4. Shipping & Transport

4. Engineering:
   4.1. Technology Transfer & Documentation
   4.2. Vendor Development
   4.3. Quality Assurance
   4.4. Research & Development

5. Marketing and Sales:
   5.1. Marketing
   5.2. Sales
   5.3. Service
   5.4. Spares
   5.5. Regional Offices (North)
   5.6. Regional Office (South)
   5.7. Regional Office (East)
   5.8. Regional Office (West)

6. Finance:
   6.1. Employee Payments
   6.2. Other Payments
   6.3. Costs & Budgets

7. Personnel:
   7.1. Manpower Planning & Recruitment.
   7.2. Employee Establishment Matters
7.3. Industrial Relations
7.4. Welfare
7.5. Training

8. Administration:

8.1. Office Services: Estate Maintenance, Communication and Dak, Security and Medical

8.2. Employee Services: Canteen, Transport and Office Supplies

The following functions are essentially corporate functions:

1. Company Secretariat
2. Internal Audit
3. Vigilance
4. Legal Matters
5. E.D.P.
6. Public Relations
7. Corporate Planning

The delegation of powers and status of these functions in the organisational hierarchy are determined by the status of the person heading these functions. As such, all functional heads report to the Managing Director directly. However, to reduce the MD's direct span of control, their administrative reporting and current
status in the organisation are as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Reporting to</th>
<th>Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Company Secretariat</td>
<td>Director (F)</td>
<td>Section</td>
</tr>
<tr>
<td>2. Internal Audit</td>
<td>Director (F)</td>
<td>Section</td>
</tr>
<tr>
<td>3. Vigilance</td>
<td>Director (F)</td>
<td>Section</td>
</tr>
<tr>
<td>4. Legal Matters</td>
<td>JMD</td>
<td>Section</td>
</tr>
<tr>
<td>5. E.D.P.</td>
<td>Chief G.M.(Engg.)</td>
<td>Section</td>
</tr>
<tr>
<td>6. Public Relations</td>
<td>JMD</td>
<td>Department</td>
</tr>
<tr>
<td>7. Corporate Planning</td>
<td>JMD</td>
<td>Department</td>
</tr>
</tbody>
</table>
ANNEXURE IV.B

Norms of Rewards for Suggestions Implemented by Quality Circles

<table>
<thead>
<tr>
<th>Average Monthly Cost Savings/ Or an Equivalent Thereof In Case Benefit cannot be Calculated in Monetary Terms</th>
<th>Rewards Sanctioned for the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than Rs.20,000/-</td>
<td>Special reward upto a max. of* Rs.10,000/-</td>
</tr>
<tr>
<td>Upto Rs.20,000/- per month</td>
<td>Rs.2,000/-</td>
</tr>
<tr>
<td>Upto Rs.15,000/- per month</td>
<td>Rs.1,500/-</td>
</tr>
<tr>
<td>Upto Rs.10,000/- per month</td>
<td>Rs.1,000/-</td>
</tr>
<tr>
<td>Upto Rs.7,500/- per month</td>
<td>Rs.750/-</td>
</tr>
<tr>
<td>Upto Rs.5,000/- per month</td>
<td>Rs.500/-</td>
</tr>
<tr>
<td>Upto Rs.3,000/- per month</td>
<td>Rs.300/-</td>
</tr>
<tr>
<td>Upto Rs.2,000/- per month</td>
<td>Rs.200/-</td>
</tr>
<tr>
<td>Upto Rs.1,000/- per month</td>
<td>Rs.100/-</td>
</tr>
<tr>
<td>Upto Rs.500/- per month</td>
<td>Rs.50/-</td>
</tr>
<tr>
<td>Less than Rs.250/- /prize for effort</td>
<td>Rs.25/-</td>
</tr>
</tbody>
</table>

*An individual member of the group, however, can get a maximum of Rs.2,000/- per suggestion implemented.