CHAPTER – III

PROFILE OF THE ORGANISATION

Companies that are able to align human resources with organizational vision and objectives will establish competitive edge. Willingness to constantly evaluate and measure the degree of alignment will maintain edge.

—Lisa Smith

3.1 Introduction

Iron was possibly used in Egypt, from the middle prehistoric times (7000-6000 B.C.). Accordingly, to Sir Flinders Petrie all such iron was of meteoric origin and that manufactured iron did not come into general use until after the Assyrian invasion of Egypt in 666 B.C. The art of smelting iron was known in India in ancient times. Reference to iron has been made in the Rig Veda (2000 B.C.). It is probable that the Iron Age in India has started about 3,000 years before the industry started in European countries. In those days Hyderabad and Madras in South India were the centers of production of Wootz, the ancient Indian Steel which was highly priced in world market.

The famous Iron Pillar at Qutub near Delhi indicates an amount of skill in the manipulation of large mass of wrought iron. The Iron Pillar according to this inscription is victory pillar created to commemorate the victory of King Chandra (either Chandragupta II or Vikramaditya of the Gupta Dynasty) who is described as having conquered the Vangas, crossed the mouth of the Indus and subjugated the Bahlikas.
The antiquity of the Indian process is no less astonishing than its ingenuity. We can hardly doubt that the tools with which the Egyptians covered their obelisks and temples of porphyry and syenite with hieroglyphics were made of Indian Steel.

Quintus Curtius has mentioned that a gift of steel was made to Alexander of Macedon by Porus, an Indian King whose country he had invaded. We can hardly believe that a matter of 30 lbs. Weight of steel would have been considered a gift worthy of acceptance by the conqueror of the world. The iron pillar at Dhar, the ancient capital of Malwa, 33 miles west of Indore has a length of about 50 feet and weighs about 7 tons more than the Iron Pillar at Delhi. There are a numerous beams and smaller pieces at the Sun Temple at Konark which is on the sea coast about 20 miles from Puri in Orissa. One of these beams which was originally used in the temple, measures 25.5. feet 11 inches and weighs 9,000 lbs. The Sun Temple was built in the earlier part of the 13th Century A.D. The beams were constructed by welding short blooms together. There are not less than 20 beams in the temple though none of them have become broken.

Sir George Birdwood wrote in the note book of the British Indian section of the famous Paris Exhibition of 1878 that,

- Cupola Furnaces were in use in 28 B.C. itself
- China produced 1,25,000 tons of Iron a year by 1100 AD.
- French Scientist Mery discovered that human blood contains iron.
- A story says that a Russian student tried to make an iron ring to present his lover by chemically extracting iron from his blood, but had died of anemia as human body contains only 3 grams of iron.

- In 1714, Iron Reboyer, a worker working in a copper plant had suddenly become weak and was unable to drag his feet even. He drank water from Mariatian Waterfall, he recovered. It was found that the water was containing iron.

- In olden days, iron water and steel wine were prepared with iron filings in grape wine etc.

- Iron's medicinal properties were also ascribed because of its magnetic property. Egyptians were treating some patients using this property.

- Earth's crust contains nearly 5% i.e. $7.55 \times 10^{11}$ tons or 755 Million Billion tons of iron.

- 96 out of every 100 Kgs. of metal consumed by industry agriculture and every day life was iron.

- King Solomon gave a feast and honoring the workmen on completion of temple in Jerusalem. He was asked who contributed more: Black Smith, Carpenter and Mason. Finally, the king said it was Black Smith.

### 3.2 Development of steel industry in India

Iron & Steel making as craft has been known to India for a long time. However, its production started only after 1900. In a short span of 3 decades or so that capacity was increased from 11 folds to about 16 Million tones by nineties. Progress in next 15 years is slow, just more than double i.e. 34.821 million tones.
### Table – 3.1

**Major steel producing countries**

*(million metric tons crude steel production)*

<table>
<thead>
<tr>
<th>Rank</th>
<th>COUNTRY</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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*Note:* In the year 2008 India stood as fifth largest producer of crude steel in the world for the third consecutive year.

### Table – 3.2

**World crude steel production**

<table>
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<th>Year (Year)</th>
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<tr>
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<td>1995</td>
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<tr>
<td>2000</td>
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Table – 3.3

Production of crude steel

(Million metric tones)

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<td>2010</td>
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</table>

Table – 3.4

Consumption of steel

(Million metric tones of finished steel products)

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<td>2009</td>
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<td>55</td>
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<tr>
<td>2010</td>
<td>506</td>
<td>58</td>
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</table>

China alone constitutes 25% of world steel production and consumption. China has more than doubled its steel output from 220 mt in 2003 to 525 mt in year 2010. Presently India consumes 85% of its production in the domestic market and exports the rest.

3.3 World steel scenario

Global crude steel production during the year 2010 was higher than 2009 by 184 Million tonnes, driven by growth in China and recovery in the developed World. During 2010, China’s crude steel production was about 626
Million tonnes as against 573 Million tonnes in 2009 registering an impressive growth.

Sharp rise in input cost, once again drove Steel companies for paying much attention, to cost of production and improvement in operating efficiency. While in the developing countries, Steel makers are trying to capture the Quality market, Steel makers of the developed countries are trying to consolidate their position. The emerging markets in various sectors are the bright spot for the Steel industry to move ahead.

A significant challenge facing the Steel industry today, relates to the situation prevalent in raw material markets. The global upturn in steel production resulted in significant tightening in the steelmaking raw materials, thereby sending the prices of some key raw materials to historically high levels. 2010-11 was a year of two phases as far as Steel market is concerned. One is that of Stabilization and the other is that of Recovery. Although the process of recovery continued, the speculative market of raw materials is a real concern for the industry.

3.4 Global steel industry

World crude steel production in 2010 registered highest ever yearly production of 1414 Mt – a growth of 15% over 2009. This is 5% higher than the previous peak of 1346 Mt in 2007. Developing countries like China and India contributed by scaling new peaks and developed economies registered quantum jump from the low of 2009, which was however far short of their earlier peaks.
3.5 Indian steel industry

The Indian Steel Sector stood as the 4th largest steel producing country in the world. This has been achieved due to thrust on infrastructure and housing sectors. Steel accounts for about 7% of GDP and employs about 1.5 million people directly. With continued emphasis on infrastructure building and several Greenfield projects under execution, the growth story is likely to gather momentum in the years to come. The Gross Domestic Product (GDP) of India is estimated to have grown at 8.5% in 2010-11 in real terms. Backed by this, the finished steel consumption registered a growth of 11% in 2010-11. India’s recovery from the global economic crisis was based on its strong domestic demand.

3.6 Indian steel scenario

Steel Industry plays a major role in the economic growth of India. Which new global acquisitions by Indian Steel giants, setting up of new State of the art Steel Mills, modernization of existing plants, improving energy efficiency and backward integration into global raw material sources, India is now on the centre of the global Steel map. Consumption of Steel in various Sectors has been on the rise and special steel usage in specific industrial sectors like Power generation, Petrol Chemicals, etc., is also growing.

3.7 Visakhapatnam steel plant

Rahatriya Ispat Nigam limited is a corporate entity of Visakhapatnam Steel Plant. The Steel plant is located 26 KM south of Visakhapatnam city. The Company also has Blast Furnace grade Limestone captive mine at
Jaggayyapeta, a captive mine for Dolomite at Madharam, a Manganese ore captive mine at Cheepurapalli. It also has a mining lease for river sand of river Champavathi.

But the vistas of excellence in their sequence of unfolding through the kaleidoscope, that is Visakhapatnam Steel Plant does not rest with inherent beauty of the location or the sophistication of technology. They march ahead parading one aspect after another, covering the entire gamut of India's proudest, boldest and most unique experiment in the Steel Industry.

Recapitulation of the efforts involved in making this gigantic plant possible evokes a tremendous sense of awe. Making the impossible to possible lies in man's determination and in this regard Sri Tenneti Viswanatham was one such personality who was an outstanding poet, patriot, scholar and statesman. He took part in the freedom struggle under the leadership of Mahatma Gandhi and was imprisoned for eight years. Sri Tenneti Viswanatham had the all party agitation in 1966 demanding 5th integrated Steel plant for Andhra Pradesh at Visakhapatnam. Struggle of thousands and lakhs of such selfless people has paved a way for establishing such a big plant.

Happiness alleviates all pain. This was the experience when the then prime minister of India, Late Mrs. Indira Gandhi announced in the parliament on 17th April 07 government's decision to establish a Steel plant at Visakhapatnam. The activities kicked off by appointing site selection committee in June '70 and subsequently the committee’s report was approved for site. On 20th Jan 71 the then Prime minister of India has laid the
foundation stone. Consultants were appointed in Feb 71 and feasibility reports were submitted in 1972. The first block of land was taken over on 7th April’74.

M/s M.N. Dastur & Co was appointed as the consultant for preparing the detailed Project report in April 75 and in Oct 77 they have submitted the report for 3.4 mtpa of liquid steel. With the Government of erstwhile USSR's offer for assistance, a revised project concept was evolved. DPR for a plant capacity of 3.4 Mtpa was prepared by M/s M.N. Dastur & Co in Nov’80. In Feb’81 contract was signed with Soviet-Union for preparation of working drawings for Coke ovens, Blast Furnace and Sinter plant. The blast furnace foundation was laid with 1st mass concreting in the project in Jan 82. The construction of township also started.

A new company Rashtriya Ispat Nigam Limited (RINL) was formed on 18th Feb. 1982. VSP was separated from SAIL and made a corporate entity of RINL in April 1982.

In the roller coaster ride during the construction phase, due to continued fund constraints and delay resulting in high cost, it became imperative to go for a rationalised concept during 1985, in which a plant capacity of 3 Mtpa of liquid steel has been envisaged. The rationalised concept envisages not only working at international levels of efficiency, but also operating the plant with 30 to 35% of the manning of the Public sector plant of similar capacity operating in the country. The rationalised concept was approved by the Government of India in June ‘88.
The auxiliary units including structural shop were the first units to be commissioned in 1987. The year 1989 witnessed commissioning of many units. In Jan"89 Steam coal handling system of RMHS was commissioned and in March "89 Turbo Generator No. 1 was commissioned. Commissioning of metallurgical units started in Sep"89 with the commissioning of Coke oven battery No. 1 Sinter plant (Machine-1) was commissioned in Nov "89 & in Dec"89 Ore & Flux handling system -1 of RMHS was commissioned.

The first Blast furnace was blown on 28th Mar. 90. On 3rd May 90 the then prime minister dedicates ‘Godavari Blastfurnace’ to the nation. In year 1990 major units like Converter No.1 CCM and No. 3 of SMS in Sep 90, Billet production in LMMM, rolling of Wire Rods from 21 Novi90 and Turbo Generator no.3 in Dec90 were commissioned. In the year 1991 CCM no. 1 & 4, Converter No. 2 of SMS/ Lime Calcining plant and Dolomite Calcining plant. Bar mill of LMMM, Coke oven battery No. 2 and Sinter machine No. 2 were commissioned.

On 20th March, 92 Medium merchant and structural mill was commissioned and on 21st March, 92 the second blast furnace Krishna was commissioned. Remaining units were also commissioned. Coke Oven battery No. 3 which was commissioned on 30th July 92 marks the completion of commissioning of all units of the 3 Million tonne plant.

The Plant also produces Pig Iron, Granulated Slag and Coal Chemicals. The rolled products find extensive usage in the Construction, Infrastructure, Railways, Power, Defence, Transport and Ship Building sectors. Coils and Rods are used mainly for reinforced concrete work for
housing, construction of dams, buildings factories, manufacture of agricultural implements, fabrication of light engineering components. The Wire rods are used in Wire Drawing industry for electrodes transmission lines etc. The structurals find application in engineering, house building, agricultural implements machinery, transmission towers, etc.

The steel plant has many technological features. The company is a pioneer in introducing many new technologies in the country. The production of TMT rebars by tempcore process is an example in this respect. The IT applications at RINL have been developed and implemented keeping the overall organisational business objectives in view. IT infrastructure has been upgraded recently with IBM-RS 6000 servers and ORACLE-91 as the data base server and data communication with back bone fibre-optic network. In the area of marketing VPN based wide area network has oeen implemented to provide vital information to regional marketing offices as well as customers.

In VSP human resource initiatives are closely linked to the corporate strategy of organization. VSP has good industrial relations here the entire work force works as a well knit team for the progress of the company. Participative management, by involving cross section of the employees, in development of the policies and strategy actively implemented in the company. The total workforce is 18000 plus. Employees are motivated by recognising their commitment and dedication by various awards and rewards.

VSP township is a model India with residents from varied cultural backgrounds are living with unity. Horticulture and land scaping increase the beauty of the township. Environmental protection is given prime concern and
one plant per tonne or liquid steel are planted in VSP. As of now there are more than 3.5 million trees resulting in lowering of ambient temperature by 3°C when compared to city. Afforestation at RINL has been multi-faceted and multi-dimensional, aimed at restoring and conserving the ecological balance, beautifying the surroundings, fighting heat, dust and noise pollution. The afforestation programme has earned recognition from various quarters and VSP was awarded the prestigious Indira Priyadarshini Vrikshamitra award as early as in 1994. The green plants everywhere mesmerize visitors and a visit to the plant and township is cherished for a long time.

The company believes that health of VSP family is wealth of VSP. The company runs a 160 bed general hospital with 4 health centres, providing free medical aid to the employees. The general hospital is a modern multi-speciality hospital with more than 90 doctors and around 300 supporting staff.

VSP commissioning of 2nd phase in 1992 coincided with the introduction of new economic policy initiatives in the country. The liberalisation of the Indian economy brought visible changes in the Indian steel industry. Buoyant growth in the initial years was witnessed. Many private sector steel plants came up and production and domestic consumption improved considerably. However, from the middle of 1997, developments on the international front, like economic crisis in the South East Asian countries and Japan, had an adverse impact on the steel industry world-wide. This situation snowballed into a prolonged recession, one of the worst of its kind. India was affected with this recession and suffered a setback in steel exports. The slowdown in Indian economy resulted in less investment in infrastructure and
thereby reduction of steel consumption. Coupled with above factors were the increase in project cost and the stabilisation problems of Coke oven battery which resulted in financial set backs. VSP was in a grip of fear to be reported to BIFR. When the entire globe witnessed the rolling of a new millennium with jubilation, VSP welcomed with uncertainty and hope. On one side the production figures were reaching rated capacities and on the other side there was the threat of getting reported to BIFR.

VSP successfully met the challenges of teething problems of stabilization, liberalisation of Indian economy and upheavals in the steel Industry. Through perseverance VSP could register a steady growth even when the steel Industry was reeling under recession.

In the year 2002-03, the most significant achievement of the company has been attaining financial turnaround. Labour productivity in the year 2002-03 has been as high as 256 tonne of crude steel per man year. During 2002-03 the steel market is buoyant and this trend is continuing this year also. Boost in the construction and infrastructure sector propelled domestic steel consumption.


VSP has developed key partners and strategic relationship with vendors, customers and the agencies associated with our operations. choice of customers who demand only the best.
A learning organisation is an organisation that has an enhanced capacity to learn, adapt, and change. VSP is a learning organisation in which learning processes are analyzed, monitored, developed, managed, and aligned with improvement and innovation goals. Its vision, strategy, leaders, values, structures, systems, processes, and practices all work to foster people’s learning and development and to accelerate the performance of the company. Having established itself as a major player, Visakhapatnam Steel Plant has drawn out strategic plans for the future with a view to sustain and to improve its market share and expand the customer base.

VSP surpassed its rated capacities at all stages of production, VSPs corporate plan include phase-wise expansion of the plant to 10 million tonnes.

Mission

To attain 16 million ton liquid steel capacity through technological upgradation, operational efficiency and expansion; to produce steel at international standards of cost and quality; and to meet the aspirations of the stakeholders.

Vision

To be a continuously growing world class company

- Harness our growth potential and sustain profitable growth.
- Deliver high quality and cost competitive products and be the first choice of customers.
• Create an inspiring work environment to unleash the creative energy of people.
• Achieve excellence in enterprise management.
• Be respected corporate citizen, ensure clean and green environment and develop vibrant communities around us.

Objectives

• Expand plant capacity to 6.3Mt by 2011-12 with the mission to expand further in subsequent phases as per Corporate Plan
• Revamping existing Blast Furnaces to make them energy efficient to contemporary levels and in the process increase their capacity by 1 Mt, thus total hot metal capacity to 7.5 Mt
• Be amongst top five lowest cost liquid steel producers in the world
• Achieve higher levels of customer satisfaction
• Vibrant work culture in the organization
• Be proactive in conserving environment, maintaining high levels of safety & addressing social concerns

3.8 Operating performance of the company

The year 2010-11 the raw material costs increased by 1500 Crores while the sales price remained stagnant. In spite of maximising the Special steel component, the prices did not support the surge in raw material cost. A Successful Enterprise exhibits its credential and capability in unforeseen difficult conditions and there by RINL did so by improving its quality and value Added Steel products which reached
## Table – 3.5

A glance of financial results since inception

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<thead>
<tr>
<th>Year</th>
<th>Turnover</th>
<th>Other revenue</th>
<th>Raw Materials consumed</th>
<th>Stock (Accretion Decretion)</th>
<th>Stock (Accretion Decretion)</th>
<th>Employee Benefits</th>
<th>Depreciati on &amp;DRE</th>
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Table contd....

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<th>Year</th>
<th>Profit/(Loss) before tax</th>
<th>Capital</th>
<th>Reserves Surplus</th>
<th>Loans Buyers credit</th>
<th>Fixed assets Gross Block</th>
<th>Total Depreciation</th>
<th>Fixed assets Net block</th>
<th>Employee s as on 31st March</th>
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<td>(478)</td>
<td>3924</td>
<td>3720</td>
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<td>9795</td>
<td>8265</td>
<td>1530</td>
<td>17829</td>
</tr>
</tbody>
</table>

3.8.1 Performance of the company during the year 2010-11

The year 2010-11 was a defining year as far as steel industry is concerned, when quarterly pricing was adopted by oligopoly of international coal suppliers - passing on short term volatility in coal markets steel industry which left steel producers struggling to fine tune their business models. Also, the steel markets worldwide were sluggish due to higher availability, and prices remained under pressure for most part of the year, which further had a negative impact on profitability of steel producers.
Against this backdrop VSP(RINL) records its best ever turnover of 11,517 Cr in 2010-11 and achieved an overall performance that qualifies the company for “Excellent” rating for eighth time in last 10 years as per the MOU with government of India.

**Key financial (Rs Crs)**

<table>
<thead>
<tr>
<th></th>
<th>2010 - 11</th>
<th>2009 - 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Turnover</td>
<td>11,517</td>
<td>10,635</td>
</tr>
<tr>
<td>Total Income</td>
<td>10,997</td>
<td>10,546</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>9,585</td>
<td>8,943</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>1,412</td>
<td>1,602</td>
</tr>
<tr>
<td>Interest Charges</td>
<td>165</td>
<td>78</td>
</tr>
<tr>
<td>Cash Profit</td>
<td>1,247</td>
<td>1,524</td>
</tr>
<tr>
<td>Depreciation</td>
<td>226</td>
<td>277</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>982</td>
<td>1,248</td>
</tr>
<tr>
<td>Provision for taxations</td>
<td>324</td>
<td>451</td>
</tr>
<tr>
<td>Net profit</td>
<td>658</td>
<td>797</td>
</tr>
</tbody>
</table>

**Production**

The year 2010-2011 gone by, was challenging for the company in as much as it has surpassed some of the previous best achieved milestones for any year while it also fell short of last year achievements in few areas.

Details of production depicted here in below:

<table>
<thead>
<tr>
<th>Items</th>
<th>DPR</th>
<th>Actual</th>
<th>% fulmt on DPR</th>
<th>% growth over 2009 - 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot Metal</td>
<td>3,400</td>
<td>3,830</td>
<td>113</td>
<td>-2</td>
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<tr>
<td>Liquid Steel</td>
<td>3,000</td>
<td>3,424</td>
<td>114</td>
<td>1</td>
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<tr>
<td>Crude Steel</td>
<td>2,820</td>
<td>3,235</td>
<td>115</td>
<td>1</td>
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<tr>
<td>Finished Steel</td>
<td>2,410</td>
<td>2,928</td>
<td>121</td>
<td>-1</td>
</tr>
<tr>
<td>Saleable Steel</td>
<td>2,656</td>
<td>3,077</td>
<td>116</td>
<td>-3</td>
</tr>
<tr>
<td>Value added production</td>
<td>-</td>
<td>2,423</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Value added heats (Nos.)</td>
<td>-</td>
<td>20,099</td>
<td>18,327</td>
<td>10</td>
</tr>
</tbody>
</table>

**Other highlights**

- Share of Value added Production in Saleable Steel at 79% is the best since inception.
• Lining Life of 6,396 Heats from Converter-B is the best achieved for any converter since inception (Converter put down on 04-04-11 at 6463 heats).

• Dispatch of 2.12 Mt of steel by Rail is the Best for any year since inception -2% growth over previous best of 2.07 Mt in 2009-10.

• Highest yearly (Calendar) average power generation (12.39 MW) from Back Pressure Turbine Station (using waste gas in Coke ovens) in 2010, since inception.

**Energy efficiency:**

• RINL became the first Indian Steel company to adopt Energy Management Standard BS-EN-16001 for systematic improvement in energy efficiency.

• Reduction of 13,18,000 tonnes of Carbon Dioxide emission during 2010 – 11 through various energy saving measures and usage of clean technologies.

• Chemical cleaning of condensers of Turbo Blowers – 1, 2, 3 and Turbo generators – 2, 3 was done for improving energy efficiency.

**Adopting new technology**

• Control & Instrumentation upgrading of Turbo Blowers -1, 2, 3 and Turbo Generators – 1, 2 was done and Boilers-2, 4.

• Conversion of wire tying machine to strapping machines at medium merchant & structural mill to improve packaging of finished products.
• Installation of kneading & cutting machine at BF-MCS to optimize raw material usage.

Environment management:

• 2628 kgs of R12 (Ozone Depleting Substance) was phased out with R-134A in refrigeration units of Air separation plant, at a cost of Rs 5.99 crores.
• 2 Nos. of Continuous Ambient Air Quality Monitoring stations (CAAQMS) were connected on-line to Andhra Pradesh Pollution Control Board Server, for data upload on hourly basis On – line connectively of the other 2 Nos. of CAAQMS and 15 nos. of stock monitoring stations are underway.
• Solid waste utilization continued to be the thrust area for the company during 2010-11.

3.8.2 Major milestones achieved during 2010-11

In the area of Expansion and other projects, cold trial runs being parts of commissioning activity have began in the year 2010-11 and following activities were accomplished:

• Commissioning of RMHP- 1st part of RMHP was commissioned for delivery of iron ore fines from new yard to intermediate point of iron ore feeding Blast furnaces.
• WRM – 2- Heating of Re- heating Furnace in WRM-2 commenced.
- Electrical Sub Stations – 21 Numbers of Electrical substations were changed during the year and put into operation including LBSS-6 and LBSS-7.
- Cranes- Total 20 Cranes were commissioned in WRM-2, BF-3&SP-3 and utilization of the same started and further 10 more Cranes are ready for commissioning.
- Permanent Power Supply - Mostly Commissioned for RMHP, SP-3, SMS-2 and WRM-2 and trail runs for equipments commenced with permanent power.

3.9 Human resource management in VSP

3.9.1 Manpower

As on 31\textsuperscript{st} March, 2011, the manpower strength of the Company stood at 17,829. Out of this total manpower, 3,025 (16.96\%) were Scheduled Caste (SC) and 1,230 (6.89\%) were Scheduled Tribes (ST). During the year, out of the total recruitment of 264 employees made by the Company, 45 (17\%) belonged to SC and 16 (6\%) to ST. The number of Displaced Persons on the rolls of the Company was 5,768.

Group-wise manpower report as on 31\textsuperscript{st} March, 2011

<table>
<thead>
<tr>
<th>Group</th>
<th>Grand Total</th>
<th>Gen</th>
<th>OBC</th>
<th>SC</th>
<th>ST</th>
<th>Women</th>
<th>Men</th>
<th>Ex-Ser</th>
<th>DPS</th>
<th>PHY</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (Executives)</td>
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<td>3,436</td>
<td>521</td>
<td>872</td>
<td>378</td>
<td>294</td>
<td>4,913</td>
<td>5</td>
<td>249</td>
<td>10</td>
</tr>
<tr>
<td>B</td>
<td>6,601</td>
<td>4,784</td>
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<td>1,224</td>
<td>361</td>
<td>77</td>
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<td>7</td>
<td>1,585</td>
<td>26</td>
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<tr>
<td>C</td>
<td>3,633</td>
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<td>489</td>
<td>527</td>
<td>373</td>
<td>70</td>
<td>3,563</td>
<td>98</td>
<td>1,866</td>
<td>45</td>
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<tr>
<td>D</td>
<td>2,388</td>
<td>1,731</td>
<td>137</td>
<td>402</td>
<td>118</td>
<td>46</td>
<td>2,342</td>
<td>42</td>
<td>2,068</td>
<td>17</td>
</tr>
<tr>
<td>Grand Total</td>
<td>17,829</td>
<td>12,195</td>
<td>1,379</td>
<td>3,025</td>
<td>1,230</td>
<td>487</td>
<td>17,342</td>
<td>152</td>
<td>5,768</td>
<td>98</td>
</tr>
</tbody>
</table>
3.9.2 Employee relations

Employee Relations by and large were peaceful. During the year elections were held on 22nd May, 2010 to determine the majority union in RINL.

3.9.3 Training & development

During the year 1,323 Training programmes were conducted for improving the skill and knowledge of employees in the areas related to Technology, Computers, Safety and Health covering 40,352 participants. Other highlights are as follows:

- Achieved 2,26,123 Training Mandays and Human Capital Development Index of 1.65 through In-house Training & Development Center.
- The Training Effectiveness Index achieved was 4.13.
- Mass sensitization programme on present Company's performance, the challenges before the Company and the strategies to counter them, was conducted covering 16,500 Employees.
- Training facilities were extended to 6,101 students.
- Two new programs - 'Work Life Balance' and "Q2 to QT' for Executives (E3-E6) with a new external faculty, were organised.
3.9.4 Organisation development

- During 2010-11, VSP participated in the survey conducted by the Great Place to Work® Institute India, in association with "The Economic Times", as a part of the "India's Best Companies to Work For - 2011" study across various organizations in India. RINL-VSP was ranked top 31st company and 5th in Manufacturing and Production Category.
- 89 sessions of "Samalochana" program were conducted.
- Exit Interview questionnaires were sent to the Superannuated executives which resulted in noteworthy insights.

3.9.5 Employee involvement

RINL has been promoting employee involvement and empowerment and involving them in unearthing opportunities for improvements and also in making the improvements happen. Highlights in this front for the year 2010-11 are as follows:

- 36,063 suggestions were generated
- 4,270 Quality Circles were implemented
- RINL is first integrated steel plant among public sectors to be certified for "5S" - during 2010-11, implementation of 5S was extended to 12 more departments and in the process surpassed the annual target for the year.
- The employees of RINL bagged 5 awards in the areas of innovative suggestions, slogan writing and in presenting a technical paper, at the Indian National Suggestion Schemes Association (INSAAN) convention
3.9.6 Women empowerment

Women employees have been associated in appropriate Committees providing them an opportunity for development. Special programmes for women employees have been organized by HRD directly and also through the Forum of Women In Public Sector (WIPS) which was formed in the Company in 1997 under the aegis of SCOPE.

Training and Development programmes aimed at career advancement, women empowerment, personality development, gender sensitization, safety awareness, occupational health, osteoporosis awareness, interpersonal skills, computer skills, communication skills, capacity building, work life balance, leadership and safe and healthy living etc. have been organized during the year, covering about 420 women employees.

Women employees were also nominated for various Management Development programmes during the year, details of which are as follows:

In addition to the above, the following programmes were also conducted exclusively for women:

- Bone Mineral Densitometry (BMD) programme was conducted for 470 participants;
- Awareness and Screening programme on Breast cancer and Cervical cancer were conducted for 330 participants;
- As a part of National Adolescent programme, an education programme was conducted for 150 girls of Kendriya Vidyalaya at Ukkunagaram and Visakha Vimala Vidyalaya, Gantyada;
3.10 Training and development practices in Visakhapatnam steel plant

One of the primary objectives of the Companies to develop a well-knit personnel policy and a comprehensive personnel programme that will be result-oriented and to develop an organizational objectives. In accordance with this objective, VSP has given considerable emphasis on development of human resources, as well as formulation and implementation of progressive personnel policies, systems, rules and procedures with an objective to synchronise organizational needs with individual aspirations. Since inception, VSP has laid emphasis on effective man management as it subscribes to the belief that effectiveness and success of the organization depend largely on the skills and commitment of the people.

The rigorous and systematic approach to recruitment - from fresh candidates their upwards training, promotions and rewards have all helped to meet the aspirational needs of the individual and thereby the goals of the organization.

VSP has developed a comprehensive scheme of career planning and managerial succession. The size of the organization has necessitated the development of a computer culture which motivates employees to contribute their best towards the achievement of organizational based Personnel Inventory system. In the field of industrial relations, VSP encourages a participative approach. A career with VSP will mark the beginning a quest for advancement. VSP is a fast expanding organization and provides ample opportunities to bright youngsters to rise in the organizational hierarchy.
Looking into the rapid growth of the organization and the multifarious specialized function, there exists opportunities for a rapid career growth in the area where aptitude lies.

3.11 Transformation and metamorphoses of the function

Emphasis on Personnel and Industrial Relations functions have been gradually converted into HR functions linking with HR strategies and plans for attainment of the organizational goals and objectives human resources have been put above machines, as after all the machine is made by man. Year after year, the HRM function has been enriching itself through renewed vigor to meet the challenges and requirements during project, commissioning and operation stages. The department has met successfully the requirements at each stage and nurtured itself as a function which can turn around the Company. Although the HR professionals have seen turbulent period in the initial stages of project and commissioning, once the systems have set into operation, the fruits of seeds that have been sown by personnel professionals have starting the yielding results. Apart from highest Labour Productivity in the integrated steel plants of India, Human Resources at Visakhapatnam Steel Plant are breaking records after records day after day achieving peaks of production, productivity and all round development of the company.

3.12 Organisation structure of personnel department

Human Resources have been given utmost importance with appointment of a Director (Personnel) to look after whole gamut of HRM functions at VSP. General Managers of Personnel & Industrial Relations,
Management Services, Personnel & administration, Medical, GM (HRD, T&DC) reports to Director (Personnel) and looks after the respective functions. While the GM(P&A) looks after recruitment, HR functions of Senior Officers, the ED (P&IR) looks after HR functions of the rest of the manpower and gives due emphasis to Industrial Relations, Employees Welfare, Rules & Policies, Plant Personnel, Contract Labour, Canteen Management, etc.

With a view to extend personnel services at the door step, the Personnel Department has decentralized its HR functions at shop-floor level with 11 number of Personnel Zones and Executive Establishment Zones, Common Cadre (JOs), etc. The day-to-day HR functions are taken care at the shop-floor level, while the corporate functions are dealt centrally from the Administrative Building. This create access to the employees and help in speedy redressal of the grievance of the employees.

3.13 Components human resource management

Human Resources are treated as the most important of all resources in the Company. Its development and welfare have therefore been given the utmost emphasis in the overall policy of Human Resources Management of the Company. It is believed that people are the key to success and the performance of the Company depends on them to a great extent. Hence special attention is given towards people management. For this, the organisation has developed the Human Resources Policy to achieve the plans and targets of the Company. It enables individuals to work efficiently and take pride in their work besides feeling important. It makes people feel safe, secure and trusted. People in the organisation are encouraged for their efforts through
a system of rewards and recognition. Its environment encourages team working, creativity and inventiveness. In the organization, the people's ownership for the work and responsibility is obtained through empowerment. Employees are one of the main components.

VSP has established number of Zonal Personnel Units at core production areas all over plant for smooth and effective functioning of Personnel Department with a view to maintain peaceful, cordial and healthy Industrial Relations in the Company.

Integrated Resources Systems have been established in the Company by providing essential linkages between major systems like manpower planning, recruitment, training, performance appraisal, career development, employee welfare, motivation and organisation development. Within the broad framework of

In Human Resource Management thrust is given to:

a) Multi-skilling and job enrichment

b) Labour productivity and manpower utilization

c) Comprehensive employee services and welfare including expeditious grievance redressal mechanisms.

3.13.1 HR policy

To realise the full potential of employees, the Company is committed to:

i) Provide work environment that makes the employees committed and motivated for maximising productivity.
ii) Establish systems for maintaining transparency, fairness and equality in dealing with employees.

iii) Empower employees for enhancing commitment, responsibility and accountability.

iv) Encourage team-work, creativity, innovativeness and high achievement orientation.

v) Provide growth and opportunities for developing skill and knowledge,

vi) Ensure functioning of effective communication channels with employees.

3.13.2 Productive work culture

Establishing and sustaining a productive work culture has been considered of crucial importance in VSP. Several initiatives have been taken towards this end. VSP had adopted a multi-skill and multi-trade pattern of working with emphasis or flexibility in job deployment, thus ensuring optimum utilisation of its human resources. Productive work culture has been ensured by well-planned and timely stress on attitudinal change and positive work ethics through tailor-made human resources development programmes.

3.13.3 Industrial relations

The overall Industrial Relations scenario in VSP is peaceful, cordial and healthy. A host of proactive IR measures which inter-alia include Confidence Building Measures (CBMs) between Union-Management, extensive communication, continuous interaction with Union and partnership in Management through various participative forums have helped in
developing a congenial IR climate propitious for high production and productivity. With the dedication and commitment of VSP collective, the Organisation has surmounted all odds and achieved best ever records by crossing its rated capacities. Continuous conscious efforts to improve the employees morale have resulted in improving the technological and operational discipline and achieving higher Labour Productivity in any integrated Steel Plant in India.

The practice of resolving any issue with the Recognised Unions through mutual discussions in a cordial atmosphere is being followed. However, the other two major trade unions are also being consulted in all major areas like, production, productivity, quality, safety, etc. to mitigate inter-union rivalries. The spirit of Joint Consultation is being pursued in the matters of work-related issues successfully.

The National Convention on Industrial Relations Strategies for the 21st Centuryî has awarded runners-up prize to Visakhapatnam Steel Plant in the year 1994 in recognition of excellence in Management, which has facilitated harmonious Industrial Relations in the Organisation.

3.13.4 Participative management

To sustain the spirit of the participative culture, a total of 66 participative committees are being functioning with equal participation both from the Management and the workers. Approximately 15% employees are given an opportunity of participation in these forms at VSP including the quality circles and suggestion schemes, grievance redressal system, value
engineering etc. These have helped the organization in accomplishing the organizational goals through the active employee’s participation/involvement. VSP bagged best Management Award for the year 2000-2001 from the State Government of Andhra Pradesh for outstanding contribution in maintenance of Industrial Relations, Labour Welfare and Productivity.

3.13.5 Employees welfare

With a view to develop an attitude in the minds of employees that the Company cares to its employee’s, various Statutory and Non-Statutory welfare measures have been provided by the Company for the benefit of employees and their families.

(a) Statutory welfare measures

1. As per the Factories Act:
   - Canteen Facilities
   - Baby Creche
   - First Aid Facilities
   - Water Coolers
   - Rest Rooms
   - Urinals and Latrines
   - Safety Provisions
   - Welfare Officers
   - Safety Officers
   - Leave Facilities

2. Welfare amenities as per Mines Act for employees working at Mines
3. Gratuity as per the provisions of Payment of Gratuity Act.


5. Pension as per Employees Pension Scheme-1995 - introduced by Govt. of India, as per employee’s option.

6. Workman Compensation as per Workmen’s Compensation Act.


8. Maternity Leave as per Maternity Benefit Act.

(b) Non-statutory welfare measures:

1. Medical facilities for employees and dependent family members, retired employees and their spouses.

2. Educational facilities including School fee reimbursement, subsidized transport facility, etc.

3. Scholarships to the meritorious children of employees of VSP.

4. Housing facility with subsidized electricity, free water and maintenance.

5. Work Dress with stitching charges

6. LTC/LLTC facility

7. Leave Encashment

8. Conveyance Advance/Allowance to Employees

9. House Building Advance

10. Mediclaim Insurance Policy for retired employees
11. Motivational Schemes like, Jawahar Awards, Suggestion Reward Scheme, Incentive Schemes, etc.

12. Employees Consumers’ Co-operative Society

13. Employees Co-operative Thrift & Credit Society

14. Recreational and cultural facilities in and around Ukkunagaram/Rehabilitation Colonies and at Mines.

15. Sports Facilities

16. Superannuation Benefit Fund

17. Employees Family Benefit Scheme-1995

18. Group Savings Linked Insurance (GSLI)

19. Group Personal Accident Insurance Scheme

20. Contribution from Incentive Earnings

21. Family Benefit Scheme (Death Fund)

22. Funeral Expenses

23. Travelling Expenses on Superannuation

24. Banking facilities

25. Alcohol De-addiction Therapy

26. Social Counselling

3.13.6 Innovative human resources practices

Lot of innovative path breaking Human Resources initiatives have been introduced at VSP since inception, which can be emulated by others. Some of such practices are:

a) Three Union approach of Industrial Relations

b) Unique employee involvement practices
c) Informal Grievance Redressal System
d) Multi-skilling and Multi-trade Concept
e) Contained Manpower
f) Gate Monitoring System
g) Special Social Security Schemes, etc.
h) New Work Culture
i) Integrated Human Resource Management

3.13.7 Major achievements of the department:

a) Mandays lost due to Industrial Relations problem have been brought to minimum level
b) Labour Productivity has been highest in the Steel Industry in India
c) Low absenteeism levels
d) Commitment of employees to the Core Values
e) Later introduction of Non-Unionised Supervisory Cadre
f) Empowerment of Human Resources
g) Job Rotation and Redeployment
h) Social counseling
i) Right sizing through non-recruitment
j) Local Industrial Leadership in Human Resources functions
k) Total Computerisation of Human Resources functions.
3.14 Human resource training and development

Training and Development Centre in Visakhapatnam Steel Plant was started in April 1981 to cater to the technical training needs while Centre for HRD was established in 1986 to conduct Management Training behaviour training Performance Management & Organisational research.

Training & development center has the following facilities.

1. Classrooms: There are 5 well furnished & Air conditioned class rooms, a conference hall and 10 class rooms.

2. Work Shop: A full-fledged workshop exists with a machine shop, fitting and assembling shop, welding shop, electrical shop, Hydraulics and Material handling section. Valves and pumps section, mechanical maintenance section, a carpentry shop to conduct skill development programs.

3. Electronics Laboratory: A modern Electronic Laboratory consisting the following facilities for training & hands on practices. Analog & Digital Work Stations, Highly sophisticated equipment such as Micro Processors test kits, PLCs and digital drives etc.

4. Personal Computer Laboratory: The lab has Pentium IV PCs where programmes on PC awareness, windows based mm packages, Flash, Autocad, Primavera, Photoshop, 3D Max etc. are conducted regularly. One more lab will be added during 2006-07.

5. Central Library: An Air Conditioned Central Library which is catering to the knowledge and information needs of the entire organization. This library is using modern scientific system (such as UDC classification...
system for Books and Documents. It is equipped with well designed display facilities for journals, Periodicals, specifications, books etc. As on date the library has 25,215 books, 177 journals, entire set of India 18,600 standards & 234 international standards. E-journals service is a feather in its cap. Selected articles for various journals are regularly kept in T & DC portal. Central Library works in General Shift. Complete set of Indian standards available in VSP Intranet for browsing & printing of various depts.


7. Audio-Visual section: In line with the trend training centre has also separate Audio visual section with AV aids such as LCD Projectors, over-head projectors, 16mm film projector, Opaque film projector., sound slide projector system with synchronizing and dissolving units, P A system TV & VCR etc.

8. Trainees Hostel: A trainees hostel, having 150 rooms which can accommodate 300 trainees, is situated in Sector-I, Ukkunagaram. The usual facilities like mess, recreation room and indoor games are also available in the hostel.

3.14.1 Training schemes

Freshers Training: VSP recruits Engineers, Post Graduates in arts or science, Diploma holders, ITI Certificate holders as Management Trainee (Technical), Management Trainee (Admn), Senior Trainees, Junior Trainees respectively. After imparting appropriate training they are regularised.
Apprenticeship Training: Under the Apprenticeship Act 1961, VSP is engaging Graduates in Engineering, Diploma holders and ITI Certificate holders and Intermediate (Vocational courses) qualified candidates as apprentices in liaison with Board of Apprenticeship / Regional Directorate of Apprenticeship Training. There is no obligation by Industry to give employment.

Vocational Training: Students studying degree in Engineering, Information Technology Computer Science, etc. are given facilities to do Project work / undergo training for a period of 2 to 8 weeks as per the requirement of their university / Institution. They work on Projects mutually beneficial to individuals as well as VSP. The requests for such training has to be given through the head of the institution. Training charges are payable to RINL by the students as per rules.

Employees Training: RINL is one of the few organisations where a definite HRD philosophy was evolved right from its inception stage. Two training advisory committees with Divisional heads as members regularly monitor, review and guide training and Development activities. HRD policy was adopted in the year 2002 reflecting the organization’s Vision, Mission and Core Values which flows from Corporate Policies on HR, Quality, Occupational Health and Safety, Energy and Environment. Every year about 20,000 employees are trained in different

- Technological,
- Skill development,
- Computer based,
• Refresher,
• Safety and Health related, on the job training programmes, refresher training programs.

Training need analysis is carried out to decide on the nature of training programmes, no. of training programmes to be conducted in a financial year. Accordingly a calendar is prepared for the year. An on line information system called TRAINS (Training Information System) is in vogue to get the nominations from different depts., confirming the nominations and other related training activities. Foreign Training: Some VSP employees based on the organisation needs are sent abroad to gain specialised knowledge by attending training programs, conferences, seminars, business trips etc. The whole activity is coordinated by T & DC.

Training for Other organisations: VSP is a turn around company. It has become a role model to Indian industries in many fronts, particularly Steel sector. Many organisations look upto VSP to get trained their employees. We extend necessary training facilities to them on payment basis. This training consists of classroom lectures as well as on the job training.

Comprehensive Managerial Course: Is conducted for Non-unionised supervisory cadre in three phases. Phase one (Introduction course) is of 6-9 days duration. Phase two (foundation course) is of 17 weeks- part time, 6-8 pm. Phase three (Specialised Course) is of 14 weeks - part time, 6-8 p.m. This course consists of technical and non-technical subjects.
3.14.2 Trade tests

To facilitate career growth of the employees, Trade Tests are conducted to assess the knowledge and skill. These Trade Tests are conducted for promoting the employees from Khalasi / Helper to technician level and from technician level tochargemen level based on the trade test specifications. After promotion Non-Unionised Supervisory Cadre employees undergo a comprehensive Training to become eligible for executive cadre.

3.14.3 Training services

Training services are also offered to other industries. These are listed on the official web site of RINL www. vizag steel.com. Annual training calendar is also displayed in this site.

Plant visits: T&DC is conducting/Plant visits on every Friday & Saturday to employees / students of different organisations and educational institutions. About 10,000 persons are visiting VSP in a year.

Vikas dhara: A quarterly in house magazine called Vikasdhara is being published by T & DC. This gives an opportunity to VSP employees to share their knowledge/experiences for the benefit of others.

3.14.4 HRD activities

The foundation for C-HRD in VSP was laid way back in 1986 with the creation of a separate department called Corporate Strategy Group for taking up competence building activities. Flowing from the HRD Philosophy, the following are the core activities of HRD group:
• Resource information system
• project training for M.B.A. students, research scholars etc.
• Lectures by eminent personalities
• Interaction with professionals, academicians & consultants

3.14.5 Performance highlights

Inhouse training

• Outbound Training for Senior Managers
• Self-assessment tools & games for Middle level Managers
• Training of work teams together with Frontline Managers
• Team & productive work culture concepts for workmen Developing action plan for self by participants in all programmes

External training

Employees sponsored for training workshops/seminars/conferences, reputed training institutes and professional bodies:

Executive performance appraisal system

Includes Target Setting, Self Appraisal, Mid year & final review & feedback, performance & potential Assessment, Plan for future development & Training Needs, Final Grading by PRC and Counselling of Low Performers.

Promoting industry institute partnerships

Lectures by eminent personalities / experts
Corporate social responsibility

VSP is surrounded by four rehabilitation (RH) colonies and 18 villages. The need of the people living in surrounding areas are ascertained through regular interactions with them. Literacy drive, health care, vocational training, self-employment and provision of basic amenities to the surrounding villages are some of the activities related to peripheral development. Two villages i.e Dibbapalem and Devada have been developed as model villages.