Chapter VIII

CONCLUSION

3.1 Resume of Organisation Structure, Functioning and Performance of Assam Unit and Assessment of Scope of and Suggestions for Improvements

The Organisation Structure, functioning and performance of Assam Unit have been detailed in the foregoing Chapters. It is now necessary to assess the scope of improvements therein, in reference to a resume and a select review thereof, and having thus identified the areas which call for special attention for affecting desired changes, to indicate directions of future developments, so that Assam Unit of Fertiliser Corporation of India Limited, may be in a position more effectively to further its undoubtedly utilitarian and developmental objectives.

It may be mentioned that it is this exercise as above which warrants the observations and suggestions incorporated hereunder.

3.2 Super Structure

The Organisation of the Corporation is structured on functional-own-geographical basis and its activities are
decentralised into small flexible, self-contained and semi-autonomous Production Units and Service Divisions within the frame-work of overall objectives and policies and co-ordination and control of the Central Office which forms the Super-Structure of the Organisation. In the Indian context, this multi-unit operation of business under the common super-structure of the Corporation is best suited for efficient conduct of business and economic expansion thereof. The present structure inclusive of the Super-Structure and the Unit Structure also widens scope of and ensures greater attention to experimentation and research and development, and makes possible easier and more economic procurement of technical know-how and creation of specialised manpower resources, both technical and non-technical, and promotion of purposeful and intensive training programmes and substantial and diversified welfare measures—all so vitally needed for the dynamic functioning and healthy growth of the organisation.

The Central Office of the Corporation operates at the institutional co-ordination and policy levels and lays down general policies and deals with environmental uncertainties, e.g., those occasioned by market fluctuations in respect of imported raw materials or of finished products and by other hurdles to quantitatively and qualitatively
economic production, to name only a few, whereas the Units and the Divisions operate at technical and execution levels and are primarily concerned with specific objectives. One of the distinguishing characteristics of the Corporation's organisational structure is its flexibility, e.g., when the Corporation undertakes a new expansion project, it is possible to accommodate the same at the existing Unit level, without upsetting the entire structure, or when a new Unit is set up, it may be easily fitted into the existing framework of the over-all organisational structure, no doubt easily adapted to the needs of slight local variations without subjecting the said structure to over-strain. The multi-unit structure of the Corporation, therefore, with its inbuilt flexibility and adaptability should facilitate efficient management and maintenance of existing production levels and expansion efforts through expansion projects of present Units or through Commissioning of new Units.

The manageable size of the Units and the Divisions with decentralised powers of Unit management, undoubtedly is a unique advantage that reduces long channels of communication. Communications in Units/Divisions do ordinarily revolve within small peripheries thereof swiftly and efficiently. This also makes possible and insures such adequate and personal attention to be bestowed
on administrative details and personnel problems at all levels of the Unit as may not be possible in a relatively large and highly centralised organisation where details are apt to be lost sight of and personal touch or approach weakened or lost. Thus the unit structure offers ample opportunities which are expected to motivate key personnel to take initiative, to administer efficiently and to control and co-ordinate working personnel and integrate them into a team working for the Unit with a developing sense of belonging thereto and in a spirit of close comradesie. This may indeed serve to sustain personnel morale at high level.

It is interesting to note in this connection that most of the company-formed growing public sector enterprises in India, have also found multi-unit organisation structure admirably suited to their needs. The Hindustan Steel Limited, the Hindustan Insecticide Limited, the Hindustan Machine Tools Limited and the Hindustan Aeronautics Limited, etc., are a few examples of such enterprises with multi-unit organisation structure.

8.3 Structural Growth

The Corporation which came into existence with amalgamation of two state-owned fertiliser factories in 1960, saw rapid growth and expansion of activities till
1978. In the year 1977-78 the Corporation employed approximately 33,000 employees in 16 operating Units and 5 expansion projects and 4 grass-root projects with a capital outlay of 700 crores against 5,000 employees in 2 operating Units and 2 grass-root projects with a capital outlay of approximately 30 crores. During 1960-1978 the Corporation also saw birth and growth of specialised Service Divisions like Planning & Development Division, three Marketing Divisions, Fertiliser Promotion and Agricultural Research Centre, Rice Production Training Institute, Management Development Institute and Central Purchase and Liaison office. Thus within the short space of about 18 years, the organisational structure of the Corporation has grown and developed under various environmental conditions and has encompassed broader activities within its purview. With the expansion of the Corporation's activities into new areas, product differentiation, changing technology, growing personnel

1. Since its inception and upto March, 1978 and, therefore, during the eight-year-period of this study, ending March 1978, Namrup Unit was a Production Unit of the fertiliser Corporation of India Limited, which was quarantine into four Public Sector Corporations with effect from April, 1978, the Governments thinking being that this growing public sector fertiliser industry should not become too unwieldy for a single Corporation and could be more efficiently managed by four optimally-sized Corporations. Accordingly, under this scheme, Namrup Unit contd.
and expanding finances, were created new and difficult problems of management and administration in the Organisation as a whole both at the Centre and the Units. The flexibility and adaptability of the structure notwithstanding, deficiencies could be discerned in the functioning and working of the Organisation and in its performance - deficiencies and shortfalls due mainly to failure of men and machines rather than of the structural pattern of the Organisation wherein they were to operate; and these undoubtedly could be obviated less by overall structural changes and more by new-developed approaches and attitudes and changed psychology of understanding, moderation and concern of the Management and the Administration and implementation by them of the spirit behind what may be called the 'federal-hierarchical' pattern of the Organisation structure of the Corporation inclusive of its Units - 'federal-hierarchical' structure which involves concurrently proper control and co-ordination and adequate decentralisation and autonomous operation of the Units for optimum results.

8.4 **Board Of Directors**

The Board of Directors in the Corporation is a

along with Barauni, Durgapur and Haldia Units, became, from April, 1978, a Production Unit of the Hindustan Fertiliser Corporation of India Limited.
policy-making body which has to take frequent decisions on problems of sensitive nature. The Board has to initiate policies, provide supervision and guidance to operating Units, service divisions and new projects, effect required alternations in the overall plans and policies and enter into foreign agreements, and also agreements within the country, of specified categories and value, with suppliers, contractors, and the like. At the execution level it has to deal with various issues and problems of an urgent nature involving unexpected bottlenecks and difficulties that might affect the functioning and progress of the Units and the projects. The Board thus considerably influences the overall working of the Organisation, and therefore, its size and composition acquire importance; and the very concept of 'Board of Directors' has accordingly been under review by the Government of India. The Government's approach has been pragmatic in tackling the problem of remodelling and shaping the Board on desired lines. The present composition of Board has the break-up of one full-time said Chairman-cum-Managing Director, five Functional Directors and four to eight Nominated Directors. The two Committees of the Board, viz., Executive Committee of Functional Directors and Internal Consultative Committee comprising all Functional Directors and all General Managers, have
been found to be useful in the matter of taking quick decisions. Matters relating to co-ordination of various activities are processed through IOC and decisions taken, except in select matters which go up to the ECOPD for consideration in depth and decisions at the top level of ECOPD or the Board of Directors as a whole. These two Committees including all Functional Directors or all Functional Directors and all General Managers, as the case may be, embody in principle and implement in practice very effectively the concept of joint managerial responsibility.

Four other Committees of the Board, viz., the Operation Committee consisting of the Director of Production and General Managers of Units, the Finance Committee comprising the Director of Finance and Finance Managers of Units and Divisions, the Project Committee made up of the Director of Projects and General Managers of Projects and the Personnel Committee with the Director of Personnel and General Managers of Units and Divisions as members, carry on the review and control of respective functional activities and pass on decisions and directives with relevant reports to concerned Departments for action under report to the Board. Similar work of review and control is performed also by the Director of Marketing.
periodically meeting with General Managers of Marketing Zones.

The very nature of the work of the full-time Functional Directors tends to make them readily identify themselves with the objectives of the Corporation and they become of necessity parties to and responsible for all decisions of the Board with regard to the management and operation of the Corporation. Involved full-time in the Corporation's work, they get the training and gain the experience considered necessary for equipping a Director for the efficient discharge of the duties and responsibilities of the Managing Director, should the contingency arise.

The present Government policy regarding the constitution of the Board is a distinct improvement on the past and lays stress on appointment of a full-time Chairman-sum-Managing Director and on inclusion of more internal full-time Directors. This approach appears to be significantly important and useful in the context of the nature of functions performed by the Board of Directors in the Corporation. This facilitates appointment of competent and experienced persons—experts, technocrats and others as Chairman-sum-Managing Director or Functional Directors with enough functional freedom to effectuate
speedy and efficient despatch of business. The concept of specialization requires the required boost, the plural directorship or the interlocked directorship concept suffers a partial set-back owing to induction of some Functional Directors in place of all nominated ones as previously and the practice of having Members of Parliament or representatives of labour as Directors is given a good-bye.

In this connection, it should be noted that in fact the appointments of new Functional Directors have involved inordinately long delays to the detriment of the Corporation's management. The Functional Directors render specialised service and their advice and considered opinion help the Board formulate policies and guide the executive below and supervise their work; and hence the long time taken in their appointment, has actually adversely affected the working of the Corporation. It is suggested that the Public Enterprises Selection Board should prepare a contingent panel of selected candidates well in advance and thereby help the Corporation make appointments to these highly technical and therefore important offices of Functional Directors quickly and in time, so that the very purpose of having such Directors may not be frustrated in future.
The number of Nominated Directors has tended to fluctuate with the consequence that when the need has been for a greater number of such Directors considering mounting capital outlay, quantum of production, sales volume and manpower employed, the actual number has actually decreased. Short-time assignments for them combined with lack of requisite acquaintance on their part with the problems of the Corporation, have further complicated matters. It has really been difficult to discern any well-set principle or criteria for Government's selection of Nominated Directors.

Even without spelling out in detail the criteria of selection, the minimum desideratum must be association of relevant expertise in diverse aspects of fertiliser production with the work of the highest policy-making Body of the Corporation, i.e., the Board of Directors. Nomination must be fully representative, besides the Government, of both public and private sector endeavour in the fertiliser field, public enterprises in general, modern agricultural development and Scientific research, to enable the Corporation to make the best use of available talent in the promotion of its objectives. The following constitution-frame of the Board, in the circumstances is suggested for
consideration and implementation in future.

**The Board of Directors**

1. The Chairman-cum-Managing Director

2-6. The Functional Directors

7. The Chairman/The Representative of the Fertiliser Association of India

8. The Chairman/The Representative of the Bureau of Public Enterprises

9. The Secretary, Ministry of Petroleum, Chemical and Fertiliser, Government of India

10. The Secretary, Ministry of Finance, Government of India

11. The Secretary, Ministry of Agriculture, Government of India

12. The Managing Director/The Director of a Private Sector Fertiliser-Unit

13. The Managing Director/The Director of a Public Sector Fertiliser Unit

14. An Agricultural Scientist

15. A Scientist from a Research Organisation

Whereas the Chairman-cum-Managing Director and the Functional Directors will be full-time Directors, the nominated Directors should each have a term of office of at least three years' duration, to facilitate utilisation of their respective knowledge and experience and growing
acquaintance with the Corporation's problems and nodes
operandi of their solution and to prevent frequent
discontinuity in policies and implementation thereof.

3.5 **Unit Structure**

The structure of Manrup Unit already discussed
in some detail may be graphically represented as in
Chart I. The Chart I clearly indicates that the General
Manager is at the apex of the Unit Structure and is
aided by a number of Officers who are themselves Heads of
a number of Departments each or are Departmental Heads
with one Department under each. For example, Deputy
General Manager (Technical) and Chief Executive Officer
are Heads of Departments, whereas Finance Manager, Chief
Training Officer, Additional Chief Engineer and Assistant
Vigilance Officer are only Departmental Heads. More often
than not and according to requirements, there are
Sections under each Department with Sectional Officers
in charge - Sections including relevant personnel,
technical or other, down to the level of labour, skilled
and unskilled.

Within the over-all Unit Structure, there is
indeed scope of rationalisation and re-organisation for
better co-ordination and control and more economic and
efficient functioning of the Manrup Unit. It is, therefore,
suggested that the Unit Structure of Hamrup Unit in future be as in Chart II.

A scrutiny of the proposed structure vide the Second Chart vis-a-vis the existing structure vide the first chart, may very well reveal the differences between the second and the first. The variations in the intra-Unit details of the organisation Structure of Hamrup Unit in the second chart from the intra-Unit details as in the first, reflect suggested changes therein in the interest of desired improvements. Reasons supporting the suggested changes are briefly indicated in the following few explanatory paragraphs.

8.6 Placement Of Departments And Sections

The General Manager of the Unit is in over-all charge of the Unit and is expected to control and co-ordinate functioning of the Unit, subject, however, to the guidance of the super-structural authorities, particularly in matters of policy. It is, therefore, thought fit and he should be freed from over-burden and over-strain of work in matters of details which can be very well be looked after by other Officers and Departments under him. In the circumstances, Vigilance Department which is mainly connected with the Department of Finance for a check on financial improprieties and irregularities in accordance
with Government policy directions, has been delinked from the direct control of the General Manager and placed as a Department under the line authority of Deputy General Manager, Finance, a post now being created because of the importance of the Department of Finance.

The same requirement of freeing the General Manager from worries of details and on the ground that Industrial Engineering Department is mainly related to studies connected with personnel and processes, both for improving efficiency of personnel and efficacy of processes, this Department also has been delinked from the direct control of the General Manager and placed as a Department under the staff authority of Deputy General Manager, Personnel, a post which is also being created now, considering the importance of the Department of Personnel.

It may be noted, in this connection, that categories of work under this Department have been identified and a number of Sections under it have been introduced, viz., Manpower Planning, Technical Studies, Non-technical Studies, Safety and Fire Sections. Safety previously under Chief Engineer, Production has been brought as a Section under Industrial Engineering Department, considering the fact that problems of Safety can better be dealt with by this Department which carries
on studies and renders advice on allied matters, rather than by the Chief Engineer, Production who is pre-occupied with multiple production problems and can not have time enough left to carry on continuous in-depth studies of safety problems and their solution.

Similarly, and for similar reasons, Training Department with its Sections, viz., Institute, Workshop, Library and Hostel, which was formerly under the direct control of the General Manager, has been put under Chief Training Officer, a Departmental Head under a Personnel Manager, being a Head of Departments, a post which is now being created under the Deputy General Manager, Personnel. Training Department activities being clearly related to Personnel it is apt and proper that this should come within the functional purview of Personnel Officers.

Inventory Control Section formerly under Materials Manager of Materials Management Department, has been transferred as a Department under the staff authority of Deputy General Manager, Finance. Naturally, Inventory Control should be the function of a superior officer who himself does not hold the inventory; and proper check on inventory can best be exercised by Finance.
6.7 Personnel Functions

Actual and desirable personnel functions have been identified, considered and reviewed and categorized and accordingly under the Deputy General Manager, Personnel, the office of Personnel Manager has been introduced, under his direct line authority. The Personnel Manager will have under his Staff-Department, i.e., Law Department under a Law Officer. The importance of Law Department can not be over-emphasized, particularly in proper tackling of legal-personnel problems concomitant with dis-change of personnel functions, and the Law Department of the Mansap Unit presently defunct should start functioning without delay. The Personnel Manager will also have under his four Line Departments, viz., Training Department under Chief Training Officer; Welfare Department under Chief Welfare Officer with Sections each for Estate, Sanitation, Canteen, Nation-Stores, Recreation, Transport, Medical, Factory Welfare and Schools; Establishment Department under Chief Establishment Officer with Technical, Non-technical, Statistical and Confidential Record Sections; and Industrial-Relation Department under Chief Industrial Relation Officer with Sections each for Communication, Negotiation, Liaison and Case Studies.

Besides the Industrial Engineering Department
under Deputy General Manager, Personnel, there will be under him another Staff Department, viz., Public Relations Department under Senior Public Relations Officer. This department will have a Liaison Section, Publication Section, a Factory Visits Section and a Photography Section.

It may be noted that the post of the Chief Executive Officer has been abolished and that the Administration Department and the Personnel Department and the Medical Department under the existing set-up, are also proposed to be abolished under the new set-up. The Welfare Department under Chief Welfare Officer and the Establishment Department under Chief Establishment Officer will take the place of the Administrative Department and the Personnel Department respectively. Industrial Relation Department under Chief Industrial Relation Officer will be a new Department, whereas Medical Department will be a Section of the Welfare Department under Chief Welfare Officer. A Deputy Chief Medical Officer will hold charge of the Medical Section with its sub-sections. Consequently, Chief Administrative Officer and Chief Personnel Officer will go.

The great importance of welfare activities in a Public Sector Enterprise justifies the upgrading of the present Welfare Section into a full-fledged Welfare
Department under the suggested set-up and bringing under it all relevant and related welfare activities now widely diffused under different Departments, viz., Administrative, Personnel and Medical. No less importance can any longer be attached to Industrial-Relation which in the present set-up is only a Section of the Personnel Department. Therefore, it is desirable that there should also be a full-fledged Industrial-Relation Department. Hence the Industrial-Relation Section has been upgraded into a separate Industrial-Relation Department under a Senior Officer of the rank of Chief Industrial Relation Officer, so that industrial relations and labour problems are viewed, considered, studied and dealt with with greater seriousness than hitherto to ensure industrial peace and harmony indispensable to congenial working conditions.

The Personnel Department has a very important role to play in an enterprise and personnel functions admit of multi-departmental organisation. Accordingly, re-organisation of the existing Personnel Department has been suggested and the existing Department has been replaced by a multi-departmental set-up with both line and Staff Departments under Heads of Departments and Departmental Heads. The new post of Deputy General Manager,
Personnel has been created, who will have co-equal structural status with Deputy General Manager, Production and Deputy General Manager, Finance. Another post of Personnel Manager has been created under Deputy General Manager, Personnel. The Personnel Manager also will have charge of Departments under him.

The Deputy General Manager, Personnel will have staff functions in relation to the General Manager; having the same status as other Deputy General Managers, he will have staff and advisory relations with them and will be able to deal with them on equal terms and from a similar position of authority, in respect of all personnel matters. The upgrading of the Department with Officers of superior status and authority in charge, is intended to do away with the misconception in the existing set-up that the Department has line functions of administering personnel rules and regulations emanating from above rather than staff and advisory functions also in relation to the General Manager and other Deputy General Managers in respect of personnel problems and personnel policies to be pursued in tackling them, for as a matter of principle, the Personnel Department can not play its role in the organisation effectively and efficiently without doing justice to its dual functions, executive and advisory.
6.8 Finance Functions

Existing and required finance functions have also been identified and categorised and the new post of Deputy General Manager, Finance has been created under the staff authority of the General Manager. The Deputy General Manager, Finance will have under his direct control one Line Department, i.e., Vigilance Department headed by Vigilance Officer and one Staff Department, i.e., Internal Audit Department, headed by Deputy Finance Manager, Internal Audit. The Finance Manager will be under the direct line authority of Deputy General Manager, Finance, but now he will be a Head of Departments instead of being only a Departmental Head. The Finance Manager will have one Line Departments under him, viz., Accounts Department, headed by Chief Finance Officer, Accounts and with Personnel Accounts, Welfare Accounts, Risse Accounts, Capital Accounts, Provident Fund, Cash Accounts, Purchase Accounts and Sales Accounts Sections. The Finance Manager will also have two Staff Departments under him, viz., Costs Department headed by Chief Finance Officer, Costs and with Labour Costs, Materials Costs, Administrative Costs, Factory Expenses, Sales Costs, Management Reporting and Budget Sections; and Inventory Control Department headed Chief Finance Officer, Inventory Control.
For a close co-ordination between Accounts Department and Costs Department, they are placed under one control, viz., Finance Manager. In this manner, the routine functions of both Accounts Department and Costs Department keep their individuality while the control aspects are brought under a unified control.

Though the Costs Department is placed under Finance Manager, yet it is expected to work in close collaboration with Production, Maintenance and Materials Management Departments on one hand, and render advice and guidance to both, Inventory Control and Internal Audit Departments. The Department is responsible for preparation of the Cost Accounts, returns for the guidance of the management and particularly for indicating where loss, waste, inefficiency and possibility of saving occur.

Finance functions occupy a pivotal position in the operation of any public sector undertaking to enable Finance to ensure economic operation of the Unit, and it is indispensable that the Department should be upgraded, and hence the post of Deputy General Manager, Finance has been introduced. He will have the same status as the Deputy General Manager, Production and Deputy General Manager, Personnel. The Finance Manager at present is
not equal in rank with Deputy General Manager, Production - this indeed is a handicap to exercise of real financial control by Finance over financial aspects of the operation of the Unit as carried on by the different Departments. This hurdle will be overcome in the suggested set-up in which the Finance Manager will be under the direct line authority of Deputy General Manager, Finance and will not have to normally deal with the Deputy General Managers. Having staff relation with other Deputy General Managers, it will be the Deputy General Manager, Finance, who will normally deal with the former and he will have no difficulty in dealing with them and implementing sound financial policies with authority. Nor will these Deputy General Managers feel, while more readily accepting the advice and financial instructions from Deputy General Manager, Finance than those that may emanate now, from time to time, in the present set-up from the Finance Manager, holding a lower rank. The overseeing of financial operations and an over-all check on financial improprieties for better financial performance of the Unit, are likely to be facilitated by the suggested re-organization of the Department, which places it in its well-deserved position in the over-all Unit Organisation structure.

The appointment of Deputy General Manager,
Finance with superior status will facilitate speedier implementation of policy decisions than can be possible now under the Finance Manager with lower status. It will also facilitate speedier policy decisions at the Unit level in such financial matters as fall within the delegated competence of the Unit, as also implementation thereof.

The Finance Manager, now in charge of one Department only, will be a Head of Departments under the line authority of Deputy General Manager, Finance and will have under him one Line Department and two Staff departments as already mentioned. This re-organisation is in pursuance of the inescapable reality that Finance functions admit of multi-departmental organisation. Whereas now there is only a Costs Section, this has been upgraded into a Costs Department with different Sections, so that costs control may help, as it must, make Hazarip a viable Production Unit of the Corporation. Also, with stricter control on accounts and on inventory through the media of Accounts Department and Inventory Control Department respectively under the Finance Manager and more purposive internal audit checks and more active vigilance on financial improprieties through Internal Audit Department and Vigilance Department.
respectively under Deputy General Manager, Finance. Finance is expected to play a more useful and fruitful role of financial administration and control than hitherto, thereby raising costs consciousness, eliminating wastes, tightening financial control and making fertilizer production in the Unit attain desirable norms of productive efficiency and economic viability. Management Reporting Section which is now a Section under the Finance Manager will become a Section under the direct line authority of Chief Finance Officer, Costs, so that this very important service of collecting and compiling of management information data, to ascertain costs and to compare with the budget may be carried on more efficiently and speedily under the direct supervision of Chief Finance Officer, Costs for timely onward transmission by him to the Central Office for review and necessary instructions downward for compliance. Similarly budget section has also been placed under the direct line.

6.9 Production Functions

It will be noticed that production functions which also admit of multi-departmental organisation structure have already been identified and categorised under three Departmental Heads in the present set-up, viz., Chief Engineer, Production heading Production
Department, Chief Engineer, Maintenance, heading Maintenance Department and Materials Manager, heading Materials Management Department. These Line Departments are under a Deputy General Manager who is under the direct line authority of the General Manager. In the suggested re-organisation, the existing organisation of Production functions, being already on proper lines, has been left almost intact, but for the fact that the Deputy General Manager, technical will be redesignated as Deputy General Manager, Production and that, as already mentioned, Inventory Control Section under Materials Manager will go as Inventory Control Department under Finance Manager and Safety Section under Chief Engineer, Production will go as a Section under Industrial Engineering Department headed by Deputy General Manager, Personnel, for cogent reasons also indicated earlier.

8.10 Proposed Departmental Re-organisation - National And Sectional

Re-organisation, particularly departmental re-organisation, suggested above, reflects the endeavour to distinguish between the line functions and the staff functions more realistically than before. Functions related to production, personnel and finance sectors have been carefully identified and like functions have been more scientifically clubbed together under
Departments. This rationalisation, even up to the level of Sections under Departments, placed under Sectional Officers, is expected to facilitate greater specialisation, and employment of right persons at right places, with greater possibility of enforcing pin-pointed accountability of Sectional Officers, Departmental Heads and Heads of Departments for proper discharge of responsibilities entrusted to them. Greater compactness of Sections and Departments will now mean lesser overlapping of functions and therefore lesser horizontal and vertical interference with exercise of departmental initiative and autonomy within the limits of delegation. Clearer demarcation of line and staff functions and adherence thereto in practice, will leave the respective line Departmental Heads free to concentrate on and discharge their specific and special line functions, whereas at the same time Heads of Departments, viz., Deputy General Manager Personnel, Personnel Manager under him, Deputy General Manager, Finance and Finance Manager under him, will have the advantage of having at their disposal additional services of the Staff Departments under them in the shape of special advice in matters of great importance to the functioning of the Unit like Industrial Engineering, Public Relation, Law, Internal Audit, Costs and Inventory Control.
The structural and functional position of the General Manager is of strategic importance. He has to co-ordinate and control the various activities under him; seek assistance from and mobilise services of Service Divisions like Planning and Development Division, Central Training and Manpower Agency, Eastern Marketing Zone, etc.; and has to maintain liaison with Central Office, State Government, apprise the super-structural authorities and the top Management about the functioning of the Unit and help the Board of Directors take realistic policy decisions. Thus the General Manager already shouldering the total responsibility of the Unit's operation should be freed from further pressure on his precious time and relieved of over-strain involved in burdening him with additional specific functions of looking after, e.g., Departments like Training, Vigilance, and Industrial Engineering as at present and should not be allowed, as in the existing set-up, to be constantly diverted from very important functions of his own by many Officers approaching him with their many reports and multifarious problems which can as well be tackled at lower levels, without encroachment on his time and energy, which should better be reserved for tackling more important policy matters, problems and issues of the Unit. Accordingly, in the suggested set-up, the General Manager will have his
strategic functions only, as indicated above, without the burden of a few assorted Departments, in consonance with the principle of 'management by exception'; and instead of Deputy General Manager, Technical; Chief Executive Officer or, in his absence few years now, Chief Administration Officer; Chief Personnel Officer; Chief Medical Officer; Senior Public Relation Officer; Finance Manager; Chief Training Officer; Assistant Vigilance Officer; and Deputy Chief Engineer, Industrial Engineering; having direct access to the General Manager in the existing set-up; only Deputy General Manager, Production, Deputy General Manager, Personnel and Deputy General Manager, Finance will have direct access to him in the suggested set-up which ensures and accords to the General Manager the status of extra-ordinary importance, he rightly deserve.

3.11 Central And Delegation - Principles And Practice

A good organisational structure is undoubtedly better than a deficient one. But even a good organisational structure in itself can not deliver the goods if the people called upon to work the structure and within it, do not appreciate the spirit underlying the structure and only endeavour to implement it mechanically and literality but not in consonance with the inherent and latent spirit of it as well.
The 'federal-heirarchical' organisation set-up of the Corporation covering the super-structure and the unit structure inescapably involves co-existence of control and delegation, authority at centres in the super-structure and the unit-structure and decentralisation and delegation of authority from higher levels to lower levels, from the Board of Directors to Chairman—sum-Managing Director, to functional Directors (in the super-structure), to Unit General Manager, to Deputy General Managers, to Heads of Departments and Departmental Heads, down to the Sectional Heads (in the unit structure). If control and co-ordination are to be the special functions of the highest Officers in the super-structure and the unit-structure, taking of initiative and quick decisions for speedy despatch of business should be no less the right and responsibility of Officers of lower rank within the limits of formal delegation of power in their favour. As already mentioned earlier, in the existing structure, consciously or unconsciously, delegates of authority tend to retain control to be able to avoid risks of errors at lower levels and the delegates tend to play safe by shifting responsibility to delegates at the higher levels. The suggested organisation structure seeks clear-cut demarcations of the unit's diverse activities and rationalises these in
in appropriate Departments both line and staff, so that there may be no confusion about delimitations of the functions of the Departments and about the scope of powers, functions and responsibilities of their Heads. The greater clarity introduced in the new organisation structure can very well be expected to be conducive to better appreciation of the twin principles of control and delegation, basic to the structure of the Corporation inclusive of the Units; and while not under-mining exercise of ever-all control, supervision and co-ordinative functions, delegation will be made, it is hoped, a reality by the concerted, conscious and continuous efforts of the delegates allowing delegated powers to be exercised by the delegates and the delegates not shirking any more the duty of taking initiative and decisions and exercising delegated powers with circumspection. Then only may the present gap between principles of control and delegation on the one hand and practice thereof on the other, be narrowed. For this desideratum to be attained, it is very important that managerial and administrative personnel of all ranks particularly, be oriented and re-oriented to a psychology that accepts the urgency of inculcating and developing in all employees of the Corporation and the Unit, a strong sense of belonging to the Organisation and the immediacy,
therefore, of leaving to the diverse ladders of the organisational hierarchy enough scope for real and free exercise of initiative and delegated powers, subject, no doubt, to superior control, supervision and co-ordination, surely required in the best interests of the Corporation service and the Unit Service.

It is suggested that occasion Seminars be held, to be attended by super-structural Superior Officers, viz., Chairman-ex-M-Managing Director and Functional Directors and Officers under them and also by General Manager and Deputy General Managers and Heads of Departments and Departmental Heads of the Unit and that Orientation courses and Refresher Courses also be held occasionally for the Sectional Heads of the Super-structure and the Unit structure. The rationale behind the present suggestion is that the holding of these Seminars and Courses will be conscious, and hopefully, successful endeavours which will promote and foster acquaintance with the Structure and its working, appreciation of the spirit underlying the structure, the utilisation of the experience gained in its working, the assessment and the implementation of the ways in which the objectives of the Organisation Structure can be better realised, proper understanding of the real
implications of control, co-ordination, decentralisation and delegation in the Corporation and the Unit, and ultimately help develop a sense of belonging to the Organisation in all personnel working in close co-operation and harmony in the interest of the growth and progress of the Corporation and the Unit.

8.12 Sectors of Unit’s Functioning - Aims & Objectives

Within the congenial organisation structure with intra-structural changes for improvements incorporated as suggested above, there exists scope for specific improvements of the Corporation’s and the Unit’s operation. Accordingly, select suggestions for improvements in concerned areas of the Organisation’s functioning, are briefly set out below.

8.13 Personnel

8.13.1 Recruitment

The Recruitment Policy of the Corporation and the Unit is based on the provisions of the Constitution, Government guidelines for recruitment, provisions of Employment Exchange Act, 1959, Government directions for reservation of 10 per cent of posts for Scheduled castes/tribes and Corporation’s policy of preference in appointment to posts in favour of sons and daughters of
employees. The Recruitment Policy of the Corporation and the Unit, which is eminently suited to the needs of recruitment, practical and dynamic, has made possible recruitment of 20,000 persons within a decade, thereby ensuring the growth of the Corporation and the Unit, unhindered by dearth of minimum core personnel.

The recruitment to top level posts is made through Public Enterprise Selection Board. It has been observed that the recruitment to top level posts usually takes much time. There has been instances when top level posts in the Unit have been lying vacant for more than two years. Inordinate delays in recruitment to such posts adversely affect the functioning of the Organisation. It is, therefore, suggested that panels of selected candidates for these posts be made well in advance of the occurrence of vacancies to enable suitable appointments to be made and prevent prolonged vacuum in strategic posts. Generally also, the recruitment procedure should be speeded up, so that procedural delays may not result in the necessity of the Corporation and the Unit carrying on with attenuated staff strength of any category to the detriment of operational efficiency.

8.15.2 Induction

At present there is no properly developed
induction plan in the Unit. This is an area which should receive immediate attention of Unit Management. The following induction scheme may be considered by the Management.

Induction should take into account two major aspects thereof, i.e., (i) acquainting the new employees with the new surroundings and the Corporation's rules and regulations, and (ii) indoctrination in the philosophy and the objectives of the Corporation and the rationale of its existence.

For acquainting the new inductees with the new surroundings and the Corporation's rules and regulations, the Training Centre in collaboration with the Personnel Department should organise well-planned, short, condensed training programmes of a week's or ten days' duration. Moreover, relevant booklets and pamphlets should be supplied to the inductees, covering the subject-matters of their induction training.

Upon his arrival at the assigned Department, an inductee should be introduced to his Supervisor and fellow-workers; and then the supervisor should have the responsibility of advising and instructing him as to how the job allotted to him is to be done.

Induction training should aim at providing an
opportunity to the new employees to develop favourable attitude towards their employment and new surroundings. The Unit Management should avail of this induction training scheme to inculcate in the employees the Corporation's and the Unit's philosophies and objectives and the whys and the wherefores of Public Sector Enterprises in general and the Corporation and the Unit in particular.

8.13.3 Promotion

The existing promotion policy as adopted by the Corporation and executed by the Unit, is not clear-cut, unambiguous and comprehensive enough to obviate controversy on its implementation. The vagaries of interpretations and lack of uniformity of decisions in like cases, have caused among employees, workers and officers, a sense of uncertainty and frustration; and a satisfactory promotion policy is, therefore, a matter of great importance, as both maintenance of efficiency and improvement of morale depend to a great extent on it. The success of promotion policy in the Corporation and the Unit should be judged on the basis of two weighty considerations. On the one hand, it should provide reasonable avenues of promotion to the employees at reasonable intervals, and on the other hand, it should
enable the Management to select able employees and promote them to responsible jobs, which they are best fitted and qualified to hold and do justice to. A sound promotion policy is needed to overcome the growing suspicion being generated in Nasrul Unit about the methods by which employees are selected for promotion - the type of suspicion not peculiar to this Unit or Indian industries alone, but not unrequent even in more advanced industrial countries like U.K., France, and U.S.A., etc.

The existing promotion policy with its merit-seniority basis, with seniority as the dominating factor in practice, needs review, for employees take their promotion for granted on the basis of seniority rather than on due considerations and proper balancing of appropriate measures of merit and seniority to the credit of the concerned candidates for promotion.

The major disadvantage of a policy which in practice prefers seniority to merit, is that merit and ability tend to be relegated to the background in reaching promotion decisions which may mean a premium on length of service and seniority and a discount on claims of merit and worth. In the interest of operational efficiency, this should not be. Therefore, it is suggested that an improved Promotion Policy should be formulated by the Management,
that should apportion due weight to both merit and seniority and clearly lay down criteria of merit vis-a-vis criteria of seniority, preferably based on total length of service rather than on limited, specified number of years of service as in the present promotion policy of the Unit, according to which 'time-bound' seniority plays the predominating role in matters of promotion. In this connection, the importance of devising improved Employee Appraisal System and Merit Rating System in the Unit, can not be overrated.

8.13.4 Retirement

The retirement policy of the Corporation, though envisaging pension or gratuity besides provident fund benefits, is yet not adequate to ensure to retired employees reasonable standard of living in old age and, therefore, should be capable of being improve upon. In fact, a re-oriented retirement policy should be such as to serve as a long-term incentive to satisfactory service by employees time hangs heavily on retired employees, and they face old age problems. Thus the retirement policy should be refashioned, so that prospects of retirement may not be repellent and employees may look forward to retirement with a certain measure of helpfulness. Among the people hit hardest by any economic crisis, accompanied by
inflation and rising prices of staples and fuel, are the retired persons, who have a fixed monthly income from pension which does not increase with a rise in the costs of living. It is recommended that, as measures of relief, retired persons' pensions should be made adjustable to rising costs of living index and that free medical facilities should be extended to them for life and that their entitlement to 'Bonuses' should be extended to a period of four years from retirement.

8.15.5 Statistical Cell

Statistical Cell attached to the Personnel Department should not only collect data about personnel, their attendance, performance, mandays they worked, mandays lost, etc., but also interpret data as collected, locate areas of deficiencies and identify reasons therefor, so that the Management can, where necessary, take remedial measures. For this, the Statistical Cell should be activated by enlisting services of Statisticians and Statistical Experts with sufficient relevant experience, thereby making the work of the Cell really and practically useful to the Unit.

8.15.6 Personnel Manual

The Personnel Department does not yet have a
Personnel Manual, whereas Production, Maintenance, Materials Management and Finance Departments have their respective very useful working Manuals. It is strongly recommended that an up-to-date Personnel Manual should be prepared and provided to the Personnel Department as well, so that there may not be any room for uncertainty and ambiguity about administrative procedures and practices of the Personnel Department, as also about the functions and responsibilities of the Officers and personnel of all Departments of the Unit including the Personnel Department. The Personnel Manual, needless to say, should also detail for the benefit of all personnel their rights and privileges and entitlements as employees of the Unit besides their responsibilities and duties.

3.14 Training

The rate of growth of the Corporation has been fast and without appropriate policies for training, it would have been impossible for it to keep up the pace of its growth. The Corporation rightly visualised the importance of training from its very inception. It has made significant strides in its training efforts and to-day it finds itself in a happy position in the matter of trained and capable personnel inspite of the fact that a
large chunk of its trained and experienced personnel are now working in many other public and private enterprises. Today the Units and Divisions of the Corporation have well-equipped Training Centres of their own with total training capacity for more than 2,000 new trainees every year.

Though training in the Corporation is conceptually recruitment-oriented as well as development-oriented, in actual practice training is largely confined to selected candidates with a view to their recruitment on their successfully completing the relevant training courses; and continuous training of staff already in service for meeting their own and, therefore, the Corporation's and the Unit's improvement and development needs, despite provision of different development courses alongside recruitment courses, is not undertaken or rarely, if at all.

The developmental aspect of training is very important for developing an Organisation like the Corporation in general and the Unit in particular. It is suggested that the Management of the Corporation and the Unit should undertake a survey of the various training needs on the basis of actual functioning of staff and on the basis thereof, carry out revision of existing development training courses and introduce new development courses for various categories of staff and launch upon an
accelerated proficiency drive amongst existing staff through their training in the Management Development Institute of the Corporation and the Training Centre of the Unit.

For conducting some of the specialized development courses in the Training Centres of the Units, highly competent and experienced instructional staff are needed to supplement the existing cadre of the Centres for the duration of these courses. It is suggested that the Corporation should develop a Training Staff Pool from the available talent in the Corporation itself and should not depend all the time on experts from outside.

This will not only save money but help develop inter-Unit co-operation and understanding and a spirit de corps in the Corporation as a whole. In this connection, it may be mentioned that, as estimated, the cost of a short course of a week's duration, conducted by an expert from outside is about Rs.2500/- and sending an employee outside for training, costs about 4500.00 to 5000.00, whereas internal training arrangement for conducting such a course with the help of the Corporation's own trained and experienced officials, may cost only about Rs.1,000/-.
At present there appears to be neither follow-up of training courses conducted by the Training Centre nor undertaking of case studies to know the extent of impact of the training programmes on improvement of proficiency, development of specialisation and streamlining of the process of working. A start should be made by arranging case studies by the Training Centre with feed-back of relevant information from the Departments concerned and by conducting follow-up courses, modified on the basis of experience, for much-needed uninterrupted efforts at improving proficiency of Staff.

8.15 Welfare

8.15.1 Accommodation

Housing is an important requirement of civilised living and must be given high priority in industrial planning in both private and public sectors. Provision of proper accommodation becomes all the more important in a Unit like Hamrup situated in an isolated location, where accommodation on rental basis, is not available. It is really a matter of worry that even after a decade of this Unit's functioning, the problem of accommodation of its industrial workers is yet far from a proper solution - a situation that irks the employees and causes discontent.
The majority of the employees, it has been observed, particularly of low-income groups, have to be satisfied with small-house accommodation, whereas it is only the minority, particularly of the high-income groups, who enjoy the benefit of large-house accommodation. This means overcrowding with all its unsatisfactory concomitants. Particularly disadvantageous is one-room accommodation occupied by rather bigish families of low-paid employees. This problem requires attention and it is recommended that minimum needs of average families, should be kept in view in laying down norms of minimum accommodation and revising and raising the present norms suitably, irrespective of whether the families are of low-income, middle-income or high-income groups employees and new houses constructed accordingly.

Congestion and overcrowding also result from occasional allotments of houses, each to more than one family. All this causes great inconvenience since it compels persons of different house-holds to share common facilities. Apart from physical discomfort, overcrowding and congestion are also fraught with danger to the mental and moral well-being of the residents. It has been found that because of the inconvenience of sharing common facilities, more often than not the relations between the
two tenants of the same building tend to become strained and tense. The practice of providing shared-accommodation should be discouraged by the Management and early efforts to provide full and self-sufficient accommodation made.

The House Allotment Committee at Hazarua at present includes only senior Officers as its members. It should also include suitable representation from employees, so that employees may understand and appreciate the real problems of housing and may not have misgivings about the justification of specific allotments of houses. The existing residuary discretionary powers of Management in the matter of allotment of houses should not be used for allotting houses to the regular employees, as such allotment is looked upon as discriminatory and causes resentment. The scope of discretionary powers should be limited to allotting houses/accommodation in special cases like those of contractors, deputationists or State or Central Government employees engaged in the Corporation's service, which call for urgent allotment of houses as temporary measures.

8.15.2 Medical Facilities

Existing Medical facilities in Hazarua Unit
appear to lay greater stress on curative aspect thereof rather than on preventive aspect. It is time that due attention should be given to the preventive aspect as well. Management should provide for periodic medical examination of employees engaged in hazardous or health-affecting occupations and of employees who regularly fall ill. There should also be periodic medical check-ups of employees to ascertain their general physical condition, or their psychiatric state. There should be arrangements for visual and dental examinations. All these should enable preventive measures to be taken in time before serious deterioration in employees' health conditions, actually sets in.

Medical facilities should be augmented to ensure timely and successful measures to prevent malaria, cholera, small-pox, polio and communicable diseases. The anti-malaria programme should include interception of transmission of malaria by insecticidal spraying of dwellings and cattle sheds in township areas and adjoining villages atleast twice a year during the rainy season.

It is recommended that the benefits of medical examinations, medical check-ups and anti-epidemic diseases and anti-communicable diseases schemes, as suggested above, should be extended to all employees of the Unit and their
personal medical facilities should be so maintained as to include all detailed relevant medical records including the benefits extended to them under these schemes as well.

8.15.3 **Recreational Facilities**

It is no doubt a fact that the Unit invests considerable money in providing recreational facilities to its employees. But money spent on recreational facilities does not always ensure its fruitful utilisation in the furtherance of the Unit's recreational objectives which should be promotion of physical exercise and athletics; relief of monotony of routine by change and diversion to aesthetic pursuits like literature, poetry, drama, painting, etc., and strengthening of social and sociable habits and spirit of togetherness amongst employees - all ultimately leading to the twin consequences of healthier industrial climate and higher labour productivity.

In order to fetch more positive response to recreational facilities and ensure larger and greater participation therein, it is suggested that Management may create a responsible post of 'Recreational Officer' and appoint an expert in the recreational area, who should be made responsible to organise, coordinate and systematise recreational facilities on scientific lines.
and see to it that investment apparently 'non-productive', but really and ultimately beneficial to productive efficiency, is properly utilised. Annual recreational plans should be prepared by him to include all activities which take care of all aspects recreation, vis., physical exercise, games and sports in its athletic aspect, literature and fine arts in its aesthetic and cultural aspect and get-togethers at internals on different suitable occasions in its social aspect. These recreational plans should be able to motivate all employees, low-paid employees in particular, to participate more intensely and with greater enthusiasm in the recreational activities available to them.

8.16 Suggestion Scheme

The Suggestion Scheme which has already been elaborated, is of great value in a country like India which is technologically yet developing. The scheme deals with suggestions having direct influence on higher efficiency and productivity of the Unit - suggestions which at the same time show imaginativeness and creativity of the suggesters. The scheme deserves all encouragement.

It is essential that the Suggestion Scheme should be made more popular amongst the employees by giving wide publicity to it. The publicity should include
how to write suggestions, where such suggestions have to be deposited and criteria on which merit of suggestions will be judged. It should be open to all employees, not workers and supervisors only as at present, but all employees, workers, supervisors and officers, to give suggestions and participate in the Suggestion Scheme. So that the Scheme may yield better results, it should be made more attractive by providing for increments in salary, and preference at the time of promotion in favour of employees giving suitable original suggestions which Management considers good enough to be accepted and accepts and implements. Competent employees showing through suggestions their thorough knowledge of various operations or full insight into the functioning and problems of the Unit, surely deserve to be recognised and encouraged.

8.17 Safety

An analysis of the causes of accidents in Hazarap Unit shows that many of them could have been avoided with a little foresight. There is urgent need to modify the working of Safety Section. Safety Section should be brought under the control of Industrial Engineering Department, which should be responsible for studying the system of production and processes and
safety arrangements and for making recommendations for necessary modifications. A senior Officer, Technical, should be trained in safety management and should hold charge of Safety Section and supervise, safety arrangements. Safety-mindedness should be inculcated in the employees through in-plant training and safety propaganda.

Safety propaganda in the Unit should be made more effective. Certain safety posters now being exhibited are unsuitable as these tend to evoke awe and fear. Safety posters should carry simple, impressive, constructive meanings and suggestions in positive terms and foster carefulness and caution as safeguards against frequent accidents. Poster materials which may attract the maximum number of employees are lacking. Posters should be so designed as to be able to attract the attention of increasing number of employees.

In-Plant Training on safety should be regular and should ensure that each employee on the technical side, irrespective of position and status, is covered under such training. Accident records should be made a permanent part of personnel files of employees, to be consulted as required, e.g., for assessing fitness for assessing fitness for promotion or determining compensation
claims, if any, arising out of accidents, etc.

Regular surveys of plants are essential to ensure adequate storage space for equipments and tools, sufficient number of depositories for waste materials, clean windows and floors and proper loading of machines, etc. All this is necessary to reduce the incidence of accidents.

6.18 Public Relation

At present the aims and objectives of the Public Relation Department do not appear to be very clear. The functioning of the Public Relation Department should be within the over-all framework of Personnel Management Policies.

There may be two reasons for the poor functioning of the Public Relation Department.

There is considerable scope for improvement in the techniques presently used by the Public Relation Department. In the reorganised set-up the Department should be expected to maintain liaison with mass communication media, e.g., the press and the radio and the television net-work, with the public to introduce to them information regarding the functioning and operation of the Unit and its services to the community, and with the employees to educate them fully about the Unit and
motivate them to a sense of belonging to the Organisation. The Public Relation Department should conduct opinion survey of the employees in order to know their opinion about various problems and policies and help management in tackling problems and formulating policies accordingly. It should also generally focus employees' attention on Management's policies, help build up morale of employees and promote better management-employees relations within the over-all framework framework of Personnel Management's Policies. Accordingly this Department has already been suggested to be placed as a Staff Department under the Deputy General Manager, Personnel in the proposed re-organised organisational set-up.

It is hoped that Management will appreciate the significance and usefulness of the Public Relation Department and utilise the services of this very important Staff Department in consonance with modern concepts of public relations, briefly indicated herein, to gain goodwill of the public in general and the employees in particular.

8.19 Finance

8.19.1 Auditory System And Control

In the proposed Departmental Reorganisation
Scheme, the importance of Finance has been duly recognised by providing for Finance a multi-Departmental Organisation set-up, by introducing a Deputy General Manager, Finance under the Staff authority of General Manager and by upgrading the status of Finance Manager who will henceforth be a Head of Departments with a number of Departments under him instead of being only a Departmental Head. The principle underlying the Scheme is that Finance should play its role effectively, and all finance functions should be carried on efficiently.

It has been found that original estimates of the budgets were frequently changed. In at least four years out of the eight covered by this Study, it has been noticed that the original estimates of the budgets were changed not less than ten times a year. Such fluctuating budgets are nothing but loose budgets - and this despite of the fact that the present system of budgeting was significantly updated and renovated by the Corporation. It is suggested that budgeted targets once fixed before the beginning of the year, should not be normally changed during the year.

The existing system of budgeting does not provide quantified factors responsible for gaps between capacity available and targets laid down or between targets laid down and achievements made. This important
and valuable information is indispensable for long-term planning and action. Only with the availability of such information, can measures be planned to overcome the constraints causing gaps, so that in future targets can be stepped up to capacity levels or where it is established that capacity levels are unattainable, levels of capacity may be suitably brought down to attainable levels and remedial action taken, in case of gaps between targets and achievements, to reduce or remove the gaps in future.

Project cost estimates on which Project capital budgets are based, are themselves on the basis of "would be" costs which turn out to be unrealistic, being without due weightage to completion of projects concerned within fixed time schedule and not on 'Standard Costs' with inbuilt emphasis on Fixed Project Completion Time Schedule. The Time Factor, i.e., the period of construction directly and substantially affects the total project costs. The longer the period taken for completing Projects, the higher become the costs of Projects, involving greater expenditures on practically all accounts. The consequence has been that almost all projects and expansion schemes have taken more than the professed tentative time schedules and have cost enormously more, sometimes even double or more of estimated costs.
It is recommended that a high-power Government Committee be constituted to review the entire problem in depth and to suggest appropriate measures to be taken in respect of incoming Projects, so that the total costs of Projects may not go beyond reasonable limits and involve unjustifiable drain on public resources.

8.19.2 Standard Costing System

The importance of Standard Costing System as a tool of management and financial control can not be overrated, as already pointed out earlier. But in actual practice, standard costing has not yet been developed in many a Unit on desired lines. That is why the Costing Section under Finance Department has been upgraded to a Department in the proposed reorganisation plan under Chief Finance Officer (Costs). It is expected that Standard Costing functions will be activised on proper lines under this Department. It is further suggested that a Monitoring Cell at the Central Office under the Director, Finance, be constituted. Standard Costing work will be done at the Department of Costs by qualified Cost Accountants and relevant reports and data arrived at will be transmitted through proper channel to the Monitoring Cell for scrutiny, evaluation and control, so that the collaboration of the Centre and the Unit in this field, may lead to the evolution of Standard Costing as an operational
tool of management and financial control and an effective aid to realistic Budget formulation.

8.19.3 **Internal Audit**

Internal Audit system in public sector enterprises has been emphasised by the Government from time to time as an important tool of Internal Control. The existing system of Internal Audit is in an embryonic stage of growth. The fuller effectiveness of an efficient internal audit system in the Unit is yet to be manifest. In the proposed reorganisation Scheme, therefore, the existing Internal Audit Section has been upgraded to a Department under the Staff authority of Deputy General Manager, Finance.

This Department of Internal Audit will be under an Officer of high rank, i.e., a Deputy Finance Manager, Internal Audit who will also be under the direct line authority of the Chief Internal Auditor at the Central office, so that effective control may be exercised by him and his Department, free from pull and push of the Unit Management. This is expected to help Internal Audit attain its real purpose as a self-regulating financial control mechanism.

It is suggested in this connection that, besides performing its technical job of audit, the Internal Audit
Department should in future attach due importance to organisation and management methods, and procedures evolve them, where and if necessary, and insist on compliance therewith and with its considered suggestions arrived at after comparative studies of such methods and procedures in other units and other public sector industries. Then only will this Department be able to contribute effectively to the proper operation of the Unit on sound financial lines.

6.20 Marketing

The Corporation has taken considerable interest in the organisation of an elaborate marketing set-up, which carries on specific functions like sales, distribution and marketing research. The Eastern Marketing Zone of the Corporation's marketing set-up is responsible for the work in the Eastern Zone which presently has four Production Units within its territory, vis., Hamrup, Baranavi, Durgapur and Haldia. The Marketing set-up including the Eastern Marketing Zone is aided by an auxiliary set-up for fertiliser promotion and agricultural research and agricultural extension work, vis., F.P.A.R.C. Upto 1969 Hamrup Unit, as other units, was responsible both for fertiliser production and fertiliser marketing. Since 1970, marketing has appropriately become the responsibility
of the Eastern Marketing Zone. Samrup Unit, previously a Production—cum-Service Unit, has since become a purely Production Unit.

9.20.1 **Promotion**

The Fertiliser Promotion and Agricultural Research Centre of the Corporation has been doing well in popularising and promoting the use of fertiliser amongst farmers by arranging Kisan Melas, demonstrations, field trials and exhibitions, etc. There is no denying the fact that, as a sequel to F.P.A.R.C.'s efforts, farmers have been tending to overcome their previous disinclination to use fertilisers and have started increasingly using the same during the last decade.

It has already been noticed in this study that the level of consumption of fertilisers in agriculture in Assam, is not only much lower than the average all-India level but also below the targets fixed by the State Government for fertiliser consumption in the State. It is suggested that a study of the factors responsible for inhibiting growth of fertiliser consumption in Assam, should be taken up urgently by the Agro-Economic Research Centre at Jorhat and on the basis of this Centre's report, the State Government should undertake improvement of the agricultural infrastructure.
and removal of the infrastructural constraints, e.g.,
in the sectors of irrigation, institutional credit,
methods of cultivation, market developments, etc., for
promotional and extension services of F.P.A.R.C. can
yield desired results only when such services are
supported and supplemented by an integrated agricultural
development programme launched by the State Government.

Considering the urgency of augmenting
agricultural output, it is hoped that the promotional
activities and extension work of F.P.A.R.C. will be
intensified on proper lines for greater use of fertiliser
for improved agriculture in the context of the commissioning
of the third Fertiliser Plant at Namrup, i.e., Expansion II.

8.19.2 Extension

Extension activities inclusive of soil testing,
field demonstrations, field trials, etc., form an integral
part of the fertiliser promotion programme and constitute
the modus operandi of advising farmers on scientific and
improved methods of agriculture. Soil-testing particularly
serves as the basis of advice to farmers about the use of
balanced dosage of fertilisers to be used for particular
crops in different soil conditions - in fact the importance
of soil-testing is pivotal in the entire programme of
promotion and extension. Soil-testing and field
demonstrations have to be carried on at different local levels as soil conditions vary from locality to locality and conclusions deduced from soil-testing and field demonstration cannot have State-wide validity.

In this connection, it may be mentioned that the Corporation, the State Government and the Agricultural University, Jodhpur sometimes recommend different dosage of fertilizer for particular soils - this naturally confuses farmers about which recommended dosage to use. It is suggested that on the basis of the recommendations of the existing Co-ordination Committee representing the Corporation, the State Government and the Agricultural University, this extension programme be well-integrated and conflicting recommendations by different soil-testing bodies avoided. It is also suggested that the Agricultural University may further help by periodically evaluating the extent of implementation by farmers of advice given to them on the basis of soil-testing to enable the State Government to intensify efforts through agricultural experts to see to it that farmers actually more readily follow advice tendered to them and increase agricultural production.

8.19.3 Distribution

Current distribution of fertilizer through
various agencies, the Corporation's own and others, has been described in the Chapter on Marketing Management. On a close examination of distribution by various agencies, e.g., the distributors, dealers and retailers under the F.M.S. and Assam Agro-Marketing Development Corporation and Cooperative Societies and their retailers, it appears that the present sales-points network in the different districts, is yet inadequate and unsatisfactory. Since the district-wise fertilizer use is almost uniform, it is suggested that the spread of sales-points from where farmers can obtain their supplies, should be wide and comprehensive enough to cater to the needs of the farmers uniformly throughout the districts.

Despite short dealership training for distributors and retailers as at present, there appears to be lack of proper appreciation on the part of the distributors and the retailers of the need on their part to motivate the farmers to use fertilizers. It is suggested that dealership training be made more purposeful by inculcating in the dealers a better appreciation of the order of priorities in the this line of business, which should be the reverse of what it is today, i.e., it should be that the farmer should be motivated to use fertiliser, informed about which fertiliser to use and what quantity
in varying soil conditions and then persuaded to purchase fertilisers and not as at present, to push sale of fertiliser to meet targets of sale, to advise the farmers about use of fertiliser and then to motivate them to use fertiliser. This new priority will surely make fertiliser distribution both economically and socially salutary.

8.21 Performance

8.21.1 Production

As indicated in the Chapter on Performance Appraisal, the actual production performance of the plants vis-a-vis the rated capacity and production targets planned for the years 1970-71 to 1971-72, indicates that the Unit Management could not take full advantage of technology, inspite of the fact that each of the plants during guarantee tests performed on an average 5-10 per cent better than its rated capacity. The better performance of the plants during the guarantee periods, could not be maintained later, rather bottlenecks appeared and increased and adversely affected the operating efficiency of the men and machines. For instance, it has been observed in the Study that the stream efficiency was very poor owing to long idle hours, nitrogen efficiency declined and actual consumption of all raw materials was higher in most years than the design norms.
Consequently, production not only suffered but cost of production also went higher.

It is to be noted that Ammonia Plant achieved the rated capacity in 1977-78, while Sulphuric Acid Plant was yet to attain the rated capacity. Similarly, Urea Plant achieved the rated capacity in 1974-75, while Ammonium Sulphate Plant was yet to attain the rated capacity.

Considering the magnitude of investment involved in the unit, the under-utilised-capacity production has seriously affected the profitability of the unit. Naturally, in the circumstances, the unit has not been able to avail of, as it can according to the design norms, the scope of utilising additional 'through - put' capacity of 10 per cent, without major changes in plants. Deficiencies in performance in the production sector and the reasons therefor and suggestions for remedial action have been described in some detail previously. These deficiencies reflect unfavourably on Production Management which no doubt requires to be alerted for greater and more efficient exertions for better performance.

Non-achievement of rated capacity must be a matter of serious concern to Government and the Management of the Corporation and the Unit. It is recommended that in order to step up the production of fertilizers, Technical
Cell of the Industrial Engineering Department of the Unit should undertake, in collaboration with Production and Maintenance Departments, a plant-wise review of bottlenecks in production in each of its plants, so as to be able to diagnose the causes for low production and to suggest de-bottlenecking schemes which should be implemented by Production and Maintenance Departments to remove the bottlenecks, the objective being running of Plants at rated capacity and above up to 10 percent additional 'through-put' capacity. A feasibility report should also be prepared by this Cell, well in advance, in consultation with the Departments above-mentioned and in collaboration with the Planning & Development Division and the Costs Department of the Unit, in order to investigate and identify the extra potentials of production beyond 10 per cent 'through-put' capacity, with marginal investments, so that concerned Departments may take timely steps for increasing production accordingly.

It is recommended that Management should be equipped with right type of expertise with proven administrative skill, so that the problems pertaining to production and maintenance can be identified and resolved in time. In this connection, it may be observed that most of the expert technical hands associated with the Unit right
from the erection through the commissioning and guarantee
test period of the Plants were either transferred to other
Units or transferred on promotion to other Units or Divisions
or that they resigned and joined other private and Public
Sectors Undertakings. Further, there are instances where
employees who received specialised training abroad at the
Unit's expense on various complex production and maintenance
problems faced by the Unit, were allowed to leave the
Organisation without serious efforts to retain their
services within the Unit.

All this created costly depletion of the right
type of experience, expertise and specialised training
urgently needed for tackling the problems of the Unit. It
is hoped that in the interest of the Unit and for the
efficient running of its Plants, special measures will be
initiated which may reduce the incidence of loss occasioned
by such depletion of strategic staff by special incentives
and benefits, where necessary, as taken recourse to sometimes
by the private sector here in this country or abroad.

8.21.2 Finance

The Plants at Hamrun which went into commercial
production in January, 1969, incurred losses except in
1974-75 when a profit of £0.1.07 excess was earned. The
profitability analysis in the Chapter on Performance
Appraisal and the explanatory comments that follow, identify certain areas of deficiencies causing continuing non-profitability of Rampur Unit - areas where remedial measures are called for and have been indicated. The constraints on reaching reasonable targets of production and profit are diverse - even then, with greater vigilance, caution and efforts, there is no reason why the Unit cannot perform better, produce more, reduce losses and show profits, as ultimately any public sector enterprise no less than a private-sector one, is expected to do.

For producing at rated capacity, keeping costs within bounds, eliminating excess spreading and waste and practising economy, certain suggestions have already been made in relevant chapters of this Study, bearing on appropriate reorganisation of production and finance activities of the Unit. Subjoined are a few sectors of the Unit's functioning, illustrative but not exhaustive, where good management with exercise of proper care, caution and vigilance, may lead to improvement in the over-all situation of usual non-profitability of the Unit.

8.21.3 Project Estimates And Completion Schedule

8.21.3.1 Rampur Unit

The detailed Project Report of the Rampur Unit
prepared by the Corporation in May 1960 for annual production of 50,000 tonnes each of Urea and Ammonium Sulphate, envisaged a capital cost of Rs.15.13 crores. With a subsequent decision to increase the Urea Plant's production capacity, the project estimates were revised in December 1962 to Rs.18.03 crores. The Project originally scheduled to be completed in 1963 took years more to complete, and could go into commercial production in January 1969. Long-delayed completion of the Project required further revisions of the estimates to Rs.19.84 crores in December, 1963 and to Rs.24.26 crores in January, 1969. The actual expenditure incurred till the completion of the project was Rs.24.26 crores. The actual costs exceeded the original estimates by Rs.9.07 crores.

3.21.3.2 **Urea Expansion - I**

Similarly, the Project Report of Urea Expansion I, approved by the Government in January 1967, estimated that the Expansion Scheme would cost Rs.29.47 crores on the assumption that the Plant would be commissioned by July 1971. The detailed project cost estimates were revised to Rs.47.95 crores on the expectation that commercial production would commence from April 1972. Here also the completion of the Project got delayed and the Expansion could begin production as late as October, 1976. This necessitated repeated revisions of estimates, not less than eight times between 1971 and 1976,
the 1976 estimates coming to Rs.72.91 crores. The 1976 estimates were higher than the original estimated by Rs.43.44 crores.

Inability to adhere to construction and completion time schedules, necessity of frequent revisions of original estimates, as described above in the case of Ranwun Unit and its Expansion, whatever may be the compulsions therefor, have the consequences of extraordinary increase in Project costs and, therefore, over-capitalisation which naturally tend to be drags on profitability. It is suggested that Project Estimates be carefully made more realistic in future and construction and completion schedules adhered to more undeviatingly except in extraordinary circumstances, as stand-fastly attempted in a private sector Fertiliser Factory like Kota Fertilisers, Rajasthan which was commissioned within 22 months of approval of Project estimates.

3.24.4 Materials Management and Inventory Control

Materials Management and inventory control in the Ranwun Unit, as it present, call for improvement. Materials Management Department which holds inventory, also controls inventory a - practice that should be discontinued. Therefore, under the proposed reorganisation
plan, inventory control has been shifted to the charge of a new Inventory Control Department headed by Chief Finance Officer. Inventory Control, under the direct staff authority of the Finance Manager, so that real, disinterested and independent control may be exercised over the inventory. This has become necessary because excessive inventory has already been caused by inadequate materials and inventory management, resulting in heavy accumulation of slow-moving, non-moving and surplus stock, forming a substantial portion of the working capital and thus raising cost of production and lowering profitability. It is hoped that the Materials Management Department will make urgent efforts to reduce inventory as per norms already fixed by the Corporation, e.g., to 6 months' holding of inventory for regular consumable spares and 15 months' holding of inventory in respect of indigenous items in place of its present actual holding of 12 months' and 33 months' requirements respectively.

It is also hoped that the new Inventory Control Department will see to it that norms of inventory holding fixed by the Corporation are attained urgently and the excess therefore reduced.

8.21.5 **Working Procedure and Decision-Making**

A study of working procedure and decision-making
in Hamrup Unit, reveals that there are occasions when adherence to lengthy working procedure and decision-making process, leads to complications involving the Unit in extraordinary expenditure, which can very well be avoided in the interest of economic operation of the Unit by reducing excessive formalism and lengthy procedure and greater solicitude for quick, correct decisions.

It may suffice here to cite only two instances of huge uneconomical expenditures incurred by the Unit as a result of procedural delays and absence of speedy, correct and firm decisions.

In October 1962, the Corporation entered into a 48 months-contract with N/S Chemico of Great Britain for supply of the plants and services in respect of Hamrup Project. Various factors, e.g., delay in acquisition of land, change in original production capacity, change of factory site delay in receipt of construction materials and import materials, faulty supply of some materials and faulty designs of certain equipments, non-availability of skilled labour, high sub-soil water and heavy monsoons during construction, and rather unrealistic project planning requiring frequent revisions, etc., having delayed execution and completion of Hamrup Project, required extension of the agreement with N/S Chemico by '65' months
ending February 1968, whereby the Corporation had to agree to increase the lumpsum charges for N/S Chemico’s erection and operational personnel by 10.36 lakhs. This apart, shifting of the factory from the original site to a new site about one kilometer away, also involved financially unjustifiable huge expenditure on civil construction that took place at the wrong site prior to the shifting and construction at the new one.

In December 1972, the Unit invited open tenders for fabrication and supply of two degasser separators in low carbon stainless steel. In response, six quotations were received. The tender committee recommended in May 1973 the offer of the third lowest firm (M/s. Lakhani & Company, New Delhi) at Rs.0.65 lakh F.O.R. destination per separator. The first and second lowest offers were found technically unacceptable.

After verification of the antecedents, capacity, etc., by the Corporation’s Chief Purchase and Liaison Officer, an order was placed on the firm in June 1973.

In November 1973, the firm engaged by the Unit for inspection reported that there would be difficulties in fabrication because of the manufacturer’s inexperience. The Unit Deputy Chief Engineer (Mechanical), after inspection of the firm’s premises, also reported in April 1974 that the
The order was cancelled in May 1974 and fresh quotations were invited in June 1974. Of the three offers received, the lowest was rejected on technical grounds and the second lowest offer of M/s. Garlick Engineering, Bombay was accepted. The offer was for Rs.1.55 lakhs (ex-works Ambernath) per separator to be fabricated from stainless steel as against original specification of low carbon stainless steel. An order was placed in January 1975 on this firm for delivery within six months.

M/s. Garlick Engineering, Bombay were the fourth lowest tenderer in the tenders received in December 1972, their offer being for Rs. 0.71 lakh (ex-works Ambernath) per separator. In view of their reputation, in the field, the Plant Engineer had proposed negotiation with this firm, too to bring down their price. This proposal had not been accepted. M/s. A. Stock & Company, were the second lowest tenderer in response to the tender notice of December 1972. Their offer of Rs.0.51 lakh per separator ex-works Calcutta was rejected because the steel they proposed to use was not low carbon; the order was finally placed for stainless steel and not for low carbon stainless steel.
Had the functionaries of the Unit been viscer before the event and exercised greater vigilance, caution and promptitude in time, this deal would not have involved the Unit in a huge avoidable six-figure extra expenditure. Surely, such waste of public funds can not be justified and has to be avoided. It is hoped that serious efforts will be made in future to shorten cumbersome procedure, to cut down the red-tape and to quicken the decision-making process, so that more economic running of the Unit than hitherto - to may be possible.

8.21.6 Financial Control

The need for stricter financial control and regulations in Nanrap Unit than at present can not be over-emphasised. It is to ensure greater and better financial management with a view to ensuring all-round economies, cost reductions and checks on financial irregularities and in-proprieties that in the suggested reorganisation plan Finance has been upgraded, reorganised into a multi-departmental set-up and the status of the Finance Manager has been upgraded and a new post of Deputy General Manager, Finance equal in rank to Deputy General Manager, Production and Deputy General Manager, Personnel, has been created. So that costs consciousness may be strengthened and reinforced in the Unit as a whole and
particularly in the management of the Costs Section has been upgraded to a Costs Department charged with the duties of in-depth studies of costs problems and detailed costs analysis for effectuating costs control. The Costs Department will advise other Department on modes operandi of costs reductions and the directions in which costs reductions may be taken in hand and successfully implemented.

The Inventory Control Section has been dilinked from Materials Management Department, upgraded to a Department under the Finance Manager, so that effective control may be exercised over the inventory being held by the Materials Management Department. This will help reduction in high costs being caused by holding of excess inventory far above the stipulated norms. Needless to say the Inventory Control Department will work in close collaboration with the Costs Department, both under the control of the Finance Manager.

In the new set up Internal Audit has been assigned a more effective independent role to play under the staff authority of the Deputy General Manager, Finance and under the direct line authority of the Chief Auditor, Central office, so that the Internal Audit Department may not only be able to effectively check financial improprieties and irregularities in the different Departments of the Unit,
both production and finance-wise, and submit relevant reports
to General Manager through the Deputy General Manager,
Finance, copies to Chief Auditor at the Central Office, with
constructive suggestions for rectification of deficiencies
identified and for improvements in carrying out of
Departments' functions and progressive betterment of the
Unit's operation.

The Deputy General Manager, Finance, who will
have two Departments directly under him, viz., Internal
Audit and Vigilance and a Department under his indirect
line authority through the Finance Manager, viz., Accounts
and two Departments under his indirect staff authority
through the Finance Manager, viz., Costs and Inventory
Control, will have the high status and also the great
responsibility of having periodic appraisal made through
concerned Departments and Officers under him of the over-
all financial management trends in the Unit as a whole and
statistical analyses prepared on the basis thereof, so that
he may arrive at purposeful interpretation of plans and
performance data and supply relevant reports with detailed
information to the General Manager and the Departments with
his suggestions and advice to enable better financial
management, more efficient resource utilisation, greater
economy, lesser losses and more profitability and, of course,
greater stress on all-round development of Management Accounting aspect of Management rather than mere maintenance of accounts, as at present.

It is hoped that the few suggestions incorporated herein, will have salutary impact and result in effective Financial Management and regulation on desired lines.

With suggestion regarding intra-structural re-organisation and other specific suggestions for improvements in different sectors of the Unit functioning, as detailed in the foregoing pages of this Chapter, properly implemented, and, no doubt, both in letter and spirit, it is hoped, Numrup Unit can be operated more efficiently, its performance improved quantitatively and qualitatively, over-all costs reduced despite rising inputs prices and labour costs, leases cut-down and profitability enhanced. Numrup Unit of the Corporation, thus functioning, will surely be able to make speedier strides on the path to attainment of the objectives for which it was established in this part of the country.

8.21.7 Socio-Economic Impact

The socio-economic impact of Numrup Unit has been dealt with in detail in the Chapter, on Socio-economic Impact. It has been pointed out how establishment of Numrup
Unit led to indirect consequences of economic import as well, e.g., Numrup Thermal Power Station and its Expansion, Numrup Expansion Project I (completed) and Numrup Expansion Project II (under construction), Assam Petro-chemicals Limited and its proposed Expansion, Assam Gas Company Limited, development of ancillary industries like, Jute Bags, printing press, etc., contribution to national and State exchequers, creation of direct and indirect employment avenues, development of technical skill, improvement in infra-structural facilities, e.g., road construction, development of banks and transport facility, etc., besides production of fertilisers and immediate impact on modernisation of agriculture and tea plantation. It has had to social impact also in the shape of planned urbanisation in Numrup area, intermingling and life together of different religious and linguistic and ethnic groups in Numrup township and to neighbourhood, liberalisation of outlook of the resident population, in consequence of educational, training, cultural and recreational facilities available and the scope of the company of highly trained, qualified, educated and cultured personnel of the Unit recruited from different parts of India including Assam.

Numrup Unit with better performance to its credit in future, resulting from suggested infra-structural
reorganisation and intra-unit operational improvements, will undoubtedly have wider and more diffused impact than till date on the economy of the State and the social pattern of living, at least, at Numru and its immediate neighbourhood.

There is enough scope for expansion of existing ancillary industries and for establishment of new ancillary industries. Of course, initiative will have to be taken in right earnest by the State Government and the Corporation. Techno-economic analyses has to be undertaken by the Assam Industrial Development Corporation in collaboration with the Planning and Development Division of the Corporation for identifying the areas where expansions are possible or potentials exist for new ancillary industries. If already appears that there is enough scope for suitable expansion of ancillaries producing 3-Twill Jute Bags (100 kg) industries now producing only limited quantities. Further, new ancillary industries may be started for producing (i) Cyanides and its related compounds, (ii) Ammonium Nitrate, Sodium Nitrate and Nitric Acid and (iii) Alum. Surplus natural gas available may be utilised in these industries rather than wasting it by flaring in atmosphere unproductively. Expansion of ancillary industries and establishment of new ones will widen employment.
opportunities and help make a dent on growing unemployment.

With the growth and progress of the Namrup Unit and its growing impact on the economy and the expansion of its activities and induction of increased personnel living in close proximity in the same industrial complex, there will be, it is hoped, increasing trends towards social assimilation and cultural synthesis in Namrup area and its surrounding, which will, no doubt, contribute to the desideratum of national integration and consolidation.

Namrup Unit, which is but one of the Units and Divisions of the Fertiliser Corporation of India Limited, developing on proper lines, may set into motion new and salutary trends that may very well be emulated by other Production Units for better performance, with adjustments suited to their individual needs.

There are good reasons for expectations that Namrup Unit improving its functioning and operation on proper lines, will in future better contribute its site to the modernisation of social life atleast in the north-eastern-most region of the State of Assam and also to the promotion of a developing economy in this State, thereby reinforcing further the over-all, widely appreciated dynamism of the economic endeavours of India.