CHAPTER 5

Social Reporting Practices in BHEL and IOC
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SOCIAL REPORTING PRACTICES IN BHEL AND IOC

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SOCIAL REPORTING PRACTICES IN BHEL AND IOC

A business organization, be it public or private, small or big, does not operate in vacuum. It is in fact, a social entity. The business may be taken as a system created by the society to satisfy societal needs and maximize the welfare of its members. Business owes its existence to the society as it is the latter which gives charter to undertake its activities to the former. Companies, all over the world, have realized, though little late, the significance of social responsibility and have been adopting the practice of reporting social costs and benefits through their annual reports and statements. Several Indian companies also, in public as well as private sectors, have included social reporting in their annual reports and statements.

TECHNIQUES OF SOCIAL REPORTING:

Public sector undertakings of our country have taken a lead in this respect. There is no uniformity in such reporting as they follow the following important techniques of social reporting:

(1) Quantitative values: Social costs and benefits are quantified
and social income statement and a balance sheet are prepared. Human resource accounts are also prepared on the basis of quantitative values of human assets employed by the concern.

(2) Narrative Description: Companies make efforts to convey to the public through their Directors' Report as to what they are doing for society. Generally, a description is given regarding environment conservation, energy savings, social welfare, community development, employees training, research and development and various other activities concerned with the society.

(3) Programme Management Approach: Under this approach, Selected programmes or activities are evaluated in which companies are involved, largely for social reasons. Also, the losses suffered by the companies due to such programmes and their benefits are also duly evaluated for the purpose of reporting.

(4) Social Reporting by Individuals or a committee: Individual or committees are assigned by the management of the company concerned, the task of evaluating efforts of companies at responding to social and environmental demands. The approach also aims at stating as to what extent the company is making efforts to be socially responsible.

The social responsibilities of modern business concern are
enormous. "They have assumed a vital role today because of the enormous amount of resources in terms of trained manpower, advanced technologies, and financial instruments at their command." In developing countries, they have added responsibilities in their resources which are not only scarce but have competing uses. The economic progress of such countries depends mainly upon the efficiency and effectiveness with which the limited resources are deployed for the benefit of society. The higher the efficiency, the speedier would be the economic and social development of these countries.

In economic literature, the various social resources, namely land, labour, capital and entrepreneurship are taken in factors of production. An enterprise is expected to exploit these resources to the maximum possible use and must make efforts to enhance the value of these resources for the benefit of the society.

Traditionally, profit and loss account or income statement is used in measuring the performance of a business concern in terms of profit earned or loss incurred. However the preparation of profit and loss account is mainly guided by the provisions of Indian Companies Act and taken into account only monetary values. The Act requires the auditors to make a report under section 227 to the
shareholders and express their opinion whether the company's balance sheet and profit and loss account exhibit true and fair view of the company's state of affairs. Although the Act has been amended from time to time, no specific provisions have been made for the preparation of a statement which fulfils the social responsibility. Even the Sachar committee (1978) which was constituted to suggest the changes in corporate reporting did not come out with any specific recommendation as to social reporting except that directors of the company are required to state in their annual reports the steps taken by the company to discharge its social responsibility in various spheres.

VALUE ADDED STATEMENT:

"A value added statement (VAS) is a modified version of the profit and loss account and is getting popular recently. Disclosure of information through VAS is considered as a step towards social reporting. The VAS reveals the operating performance of the company at a given point of time, using both accrual and matching procedures. However, the VAS does not aim to provide a profit (or loss) figure as in the case of profit and loss account but a figure or return to a larger group of capital and labour providers, other
claimants or interested parties.”

“The term value added means the market price of the output of an enterprise minus the price of goods and services acquired by transfer from other firms.” The spread is known as the value added and this spread is distributed among the various parties who have contributed in the conversion process, symbolically.

Value-added (VA) =

Value of outputs – Value of bought in materials.

i.e., VA = Sales revenue (SR) – Cost of bought in materials (CBM)

\[ VA = SR - CBM \] (i)

\[ SA - CBM = W + R + D + T + I + Div + RE \] (ii)

Substituting Equation (ii) and (i)

\[ VA = W + R + D + T + I + Div + RE \] (iii)

Value added thus, may be taken as the contribution that a


business firm makes towards the factors of production. The contribution includes wages, rent, depreciation, taxes, interest, dividends paid to shareholders and retained income.

"VAS helps the employees to perceive themselves as responsible participators in a team effort with management and, thus, may motivate them to work harder. The value-added concept is useful in the context of large companies that influence a large section of society and have a general economic and social importance besides the limited interests of Shareholders."

The value-added statement provides a basis to measure the wealth of an enterprise, which has contributed to the society through the collective efforts of various parties. Value added statement indicate performance of an organization to what extent the enterprise has added value during a particular period to the providers of capital, employees, government and reinvestment of the growth and expansion.

Value-added statement can be found more effective, since it gives the absolute figures as well as their relativeness in terms of percentages. It is a tool to examine performance of an enterprise.

There are two approaches to determine the value-added, i.e., either

"Income Concept" or "Additive Model" (Wages + Interest + Gross Profit) or the "Product Approach" or "Subtraction Method" (Gross Revenue – Cost of bought in good and services). VAS is a voluntary statement, with the traditional accounts, which provides information in such a manner so that a layman can measure the performance of the enterprise in a broad sense. Value added is also described as extra wealth generated by selling goods or services to the customers. So, it is also called as "wealth generated and distributed."

According to Anil B. Ray Chowdhury, "the value added is the surplus value that arises after the costs of purchasing goods and services are deducted from the revenues." 4

Morley states "Instead of restricting ourselves to reporting the shareholders' income we are reporting the income which has been earned for the whole team of cooperating groups which contribute to the company's performance. The value-added statement is directly relevant to the information needs of all parties with an interest in the company. They are all interested in the wealth the company creates, in how the wealth is shared and in

productivity."

A profit and loss account shows the profit earned or loss incurred during an accounting period and how it is arrived at appropriated? In the same way, a value-added statement shows the value-added by a business for a particular accounting period and how it is arrived at and appropriated to the following claimants:

(a) The employees - For wages, salaries and other related expenses.

(b) The investors of capital – For interest on loans and for dividends on share capital

(c) The Government – For corporation tax and excise duties and

(d) The business – For retained (reinvested) earnings.

Value added statement is largely a rearrangement of information contained in the income statement or profit and loss account. Nevertheless, the rearrangement provides a better means of understanding enterprise’s contribution to society.

UTILITY OF VALUE ADDED STATEMENT: As a tool of


social reporting, VAS is quite valuable and useful on the following counts:

1. The percentage distribution of value added to equity shareholders, source of finance, income tax authority, expansion and development of company etc. can be calculated in order to know the contribution of economic operations of the company easily.

2. Wealth generation: VAS disclose as to how the wealth generated by a firm is shared amongst its employees, investors, lenders, government, and the future i.e., retained earnings.

3. Benefits to Nation: The preparation of VAS is important from the point of view of Nation, as the contribution made by a firm to the wealth of nation is to be measured in terms of value-added by it.

4. Social Reporting: Disclosure of information, through VAS is considered as an important step towards social reporting.

5. VAS is useful to many groups or sections such as, employees, shareholder, creditors, suppliers, tax collecting authorities and the Nation.

6. Ratio Analysis: VAS can be disclosed in annual reports along with ratios for better understanding. Some of the important
ratios are: (i) VA per employee, (ii) VA per rupee of equity capital (iii) VA per unit of output and (iv) VA per unit of input etc.

7. Useful productivity measurements can be devised in value-added of a corporate entity. For instance, - value added per Re. 1 of capital employed, value added per Re. 1 of sales, value added per Re. 1 of labour cost, value-added per employee, Value added per labour hour, value added per machine hour etc. may be computed for the propose. That would be quite helpful in improving the productivity.

8. Welfare schemes of Employees: Welfare schemes, incentive scheme, bonus schemes etc. for employees may be based on value-added. The idea is to share any improvements in value-added between employer and employees in a predetermined ratio.

9. Employees’ Morale: Employees’ morale can be improved if the employees come to know through value-added statement that they are getting good portion of value added as salaries, wages, and fringe benefits. Employees will not resort to strike if they are better informed by value-added statement.

10. Wage Revision: Wages and salaries can be fixed, settled and
revised on the basis of value-added.

11. Efficiency improves: Employees’ Efficiency increases due to better and satisfactory wage revision and wage payment, as it improves productivity.

12. Bonus to workers: With the aid of best performance index, any actual improvement in index will be rewarded.

13. For companies on purposes, ratios pertaining of VAS are quite significant. They are:

   b. VA per Employee = \[
   \frac{\text{VA}}{\text{No. of Employees}}
   \]

   c. VA per Rupee of Equity capital = \[
   \frac{\text{VA}}{\text{Equity Capital}}
   \]

   d. VA per unit of output = \[
   \frac{\text{VA}}{\text{Output}}
   \]

   e. VA per unit of Input = \[
   \frac{\text{VA}}{\text{Input}}
   \]

CONSERVATION OF ENERGY IN BHEL 7: The steps taken to reduce the cost of energy as a part of social cost, during the year 2002-03 are as follows:

1. Reduction in maximum demand of power by proper load planning.

2. Installation of variable speed Drive Motors.
3. Reduction in water consumption resulting in reduction of power consumption.
4. Use of sunlight for illumination by providing transparent sheets at rooftops of various production Blocks.
5. Optimum utilization of Furnaces.
6. Reduction in consumption of fuel by providing ceramic lining in Furnaces.
7. Use of producer gas instead of LPG.
8. Use of AC/DC drives in place of existing MG sets.
9. Modification of lighting system using energy efficient lamps etc.
10. Arresting leakages in compressed Air piping and steam piping.
11. Adoption of Automatic switching off lights.

As a result of the above steps, energy cost as a percentage of turnover, net of excise, has declined to 2.86 % as against about 3% in the previous year, despite increase in fuel cost and power tariff during 2002-03.

2001-02 – As a result of energy saving measures the energy cost as a percentage of turnover for the year was contained at
2.63% as compared to 3% for the previous year. The reduction was achieved inspite of overall increase in the price of coal, oil, electricity etc.

2000-01 – Energy cost has been well contained at 3.07% of the turnover (1999-2000 – 2.75%) inspite of the overall increase in tariff and transportation costs as well as hikes in the costs of basic inputs like coal, HSD, LDO etc.

1999-00 – Energy cost as a % of turnover has been well contained at 2.75% (previous year 2.6%) inspite of overall increase in tariffs and transportation and also increases in basic prices of coal, HSD, LDO etc.

RESEARCH AND DEVELOPMENT (BHEL)⁸: R & D is quite significant and valuable not only for a company but for the entire nation from this point, let us describe the efforts made by the company for R & D.

1. Specific areas in which R & D carried out by the company.

2. Benefits derived as a result of the above R & D.

“Given in the Directors’ Report under R & D and Technology”

3. Future Plan of action: The following are the major thrust areas

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⁸ Various Annual Reports of BHEL (1998-99 to 2002-03)
for R & D and technology:

- Advanced control and instrumentation platform for thermal power plants and industries.
- Performance Analysis, Diagnostics and Optimization (PADO) systems for thermal power plants.
- Hydropower plants with higher efficiency and longer life.
- High efficiency boiler feed pumps and compressors.
- Pulverisers.
- 8 MW industrial steam turbines.
- HVDC transmission systems.
- Gas insulated switchgear.
- Residual life assessment studies.
- Cycle time and cost Reduction.
- Vibration and noise reduction.
- Specialized software for utilities.
- Simulators.
- Non-Conventional energy system.
- Welding technologies
- Surface coating.
- 765 KV Transmission equipment
EXPENDITURE ON R & D

(Rs. million)

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<thead>
<tr>
<th></th>
<th>1999-00</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
</tr>
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<tbody>
<tr>
<td>(a) Capital</td>
<td>46.481</td>
<td>55.02</td>
<td>75</td>
<td>85</td>
</tr>
<tr>
<td>(b) Recurring</td>
<td>612.332</td>
<td>807.779</td>
<td>796</td>
<td>732</td>
</tr>
<tr>
<td>(c) Total</td>
<td>658.813</td>
<td>862.799</td>
<td>871</td>
<td>817</td>
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Expenditure as percentage of total turnover

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<th>1999-00</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
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<tbody>
<tr>
<td>(c) Total</td>
<td>1%</td>
<td>1.36%</td>
<td>1.19%</td>
<td>1.09%</td>
</tr>
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</table>

The above table shows the expenditure undertaken by BHEL on Research and Development. Expenditure on R & D is of two types i.e., capital and recurring. Capital Expenditure on R & D increased for the period under investigation. During 1999-00 capital expenditure was 46.471 million and increased to Rs. 85 million. Total expenses on R & D for the year 1999-00 and 2000-01 was Rs. 658.813 million and 862.799 million respectively. During 2002-03 expenditure on R & D was Rs. 817 million.

Expenditure as percentage of total turnover is 1% during 1999-00 and it increased to 1.36% during the year 2000-01. For the year 2001-02 percentage is 1.19 and it decreased to 1.09% during 2002-03.
FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

(BHEL) : Foreign exchange earning by the company helps the nation in tackling foreign exchange problems. Let us describe it briefly.

a) Activities relating to export information given in Directors’ Report under “International business”.

b) Total foreign exchange used and earned : (Rs. million)

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<tbody>
<tr>
<td>(i) Foreign Exchange used</td>
<td>13130.8</td>
<td>11591.2</td>
<td>13372</td>
<td>14085</td>
<td>13090</td>
</tr>
<tr>
<td>(ii) Foreign Exchange earned</td>
<td>1896.5</td>
<td>3643.0</td>
<td>11666</td>
<td>21680</td>
<td>19231</td>
</tr>
</tbody>
</table>

Foreign exchange used during 1998-99 was Rs. 13130.8 million and decreased to Rs. 11591.2 million in 1999-00. For the year 2000-01, foreign currency used was Rs. 13372 million and it increased to 14085 million for the year 2001-02. During 2002-03 Foreign exchange used decreased to Rs. 13070 million.

Foreign exchange earned fluctuated during the five years period undertaking for study. During 1998-99 it was Rs. 1896.5 million and increased to Rs. 3643 million in the following year. For the year 2001-02 there was a major increase depicted, which was Rs. 21680 million and it decreased to Rs. 19231 million during 2002-03.
BHEL PARTICIPATION IN SOCIAL RESPONSIBILITY ON GLOBAL BASIS: BHEL intends to join the global compact of United Nations, a partnership between the United Nations, the business community, International labour and NGO's. It provides a forum for them to work together and improve corporate practices through co-operation in the areas of human rights, labour standards and the environment, BHEL would get a unique opportunity of networking with corporate and sharing experience relating to social responsibility on global basis.

**Human Rights**: The company’s policies have been meticulously drafted keeping the principles of human rights, the constitution of India, labour laws etc. in mind. There has been no instance of the company having abused human rights in any manner.

**Labour Standards**: The government of India has enacted various laws to adequately protect the interest of the working class. These laws are strictly adhered to in BHEL. All heads of Units are required to submit report about compliance with different laws. This is done to ensure that the interests of labourers are protected. Apart from this, BHEL has various bipartite fora for workers where the issues / problems concerning the workers are discussed and

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settled. BHEL also has an apex level bepartite forum wherein representatives from all Units of BHEL, along with the central trade union organizations to which the Unions are affiliated, are represented from the workers' said and management is represented by chairman and functional directors along with the heads of various units.

The company does not employ forced and compulsory labour.

As per BHEL recruitment policy the minimum age for employment is 18 years. No person below this age can be employed in BHEL thereby ensuring that child labour is not employed in BHEL.

The company has a uniform set of rules (The personnel policy) that applies to all employees, irrespective of factors such as sex, caste, religion, race etc.

**Environment** - The company has a laid down policy towards the environment and its management has implemented the same through management systems aligned to international standard ISO 14001. M/s Det Norske Veritas (DNV) has certified all units of the company to this standard after stringent audits.

Some of the initiatives during the year were mass a
forestation involving the employees and surrounding community, rain water harvesting, conservation of natural resources, generation of energy from waste, efficient water management etc.

The company has taken up R&D efforts for the development of fuel cells and multi junction amorphous silicon solar cells.

Activities of company (BHEL) for welfare and advancement of SCs & STs during 1999-2000:

The company is quite conscious of ameliorating the lots of SCs and STs. The company has been scrupulously following the presidential directives and guidelines issued by the Government of India regarding reservations for SCs and STs.

The company has undertaken various socio-economic development activities for SC/ST community as given below:

- In the 56 SC/ST dominated adopted villages in the near vicinity of units following activities were undertaken for the welfare and socio-economic development of SCs and STs.

  - Construction and maintenance of school building.
  - Providing scholarships to meritorious SC/ST students.
  - Providing adult and primary education.
  - Providing teaching aids to schools.
  - Providing uniforms to school children.
- Construction of community Halls.
- Organizing medical camps / providing medical aids and medicines.
- Providing water distribution lines.
- Construction of approach roads.
- Sanitation, hygienic and easy drainage system.

Human Resource Development during 2000-2001: Around 42,573 regular employees attended various in-house training programmes at the Human Resource Development Centres of the company / external professional management development Institutes in the country. 51 employees were sent abroad for specialized training in different areas. Nearly 4689 trade apprentices were provided training facilities under the Apprentices Act.

Awards won by BHEL units and Employees during 2000-2001:

1. PM’s Shram Awards.
2. National productivity council’s productivity performance awards.
5. Golden Peacock National Quality Award.
6. Engineering Export promotion council’s Award.
7. INSSAN Awards.
8. Value Engineering Award.
9. Energy Conservation Award
10. Ecological Award.
11. Best Employer of Physical Handicapped Award.
12. Best Executive Award.
13. Samman Patra.
14. Best Physically Handicapped Employee Award.
15. Information Technology – Professional Award.

Industrial Relations During 2001-2002: The industrial relations at various manufacturing units and service divisions of the company were harmonious and cordial throughout the year. A unique meeting of the apex level bipartite forum (joint committee) was held in a workshop format for two days in August 2001. The leaders of the central Trade Unions and the union representations from various plants of BHEL participated very enthusiastically in this workshop. Various issues of concern to the company were discussed and fruitful suggestions / presentations were made.

Similar workshop for the representatives of supervision and
executives was also held for two days in Oct. 2001. The theme of the workshop was “Enhancing organizational effectiveness.”

Similarly 65 meetings of the plant councils and 308 meetings of the shop councils were held during the year in various units of the company.

**Voluntary Retirement Scheme** : A focused voluntary retirement scheme was in operation in the company during the year. In all, 3340 employees (483 Executives, 608 supervisors and 2249 workmen) opted for retirement under this scheme.

**HRD** – The overall manpower strength at the end of the year 2002 was 47516 showing a decrease of 8.28% over the previous year. The decline in manpower was mainly due to the introduction of voluntary retirement scheme for the third consecutive year and also restricting fresh induction to only critical areas.

BHEL nominates its employees for training programs conducted in-house by HRD and FIRDC’s and by other external agencies.

During 2002-03, 40466 participants were exposed to training programmes in our various training centers at units as well as at apex level in NOIDA. Besides, 3700 Act apprentices and 1300 technician apprentices were also provided with training at our
units, as part of fulfillment of our social obligation towards the society. Also towards their ongoing efforts for higher customer satisfaction, around 1100 customers personnel were provided training inputs on products at training centres in the units.

CONSERVATION OF ENERGY IN IOC 10:

The corporation maintained its thrust on energy conservation and concerted efforts were made during the year to minimize energy consumption. Energy conservation schemes implemented during the year 1998-99 saved full cost of Rs. 10 crore per annum. To promote oil conservation among the general public, over 1,22000 programmes were conducted during the oil conservation fortnight.

Corporation implemented schemes to save over Rs. 60 crore per annum on fuel costs.

All refineries of corporation have environment management systems certified to ISO 14001, and fully comply with the prescribed MINAS and other environmental standards. They use low-sulphur fuel oil and clean fuels (desulphurised fuel gas, natural gas) to minimize emissions.

Panipat refinery became a zero-discharge refinery during the year 1999-00, with adoption of state-of-the-art effluent treatment technologies. A modern centralized effluent treatment plant was commissioned at Gujarat refinery.

Development of green belts as pollution sinks is a standard practice in corporation, with the seven refineries alone accounting for over 7.5 Lakh saplings planted in recent years.

Energy conservation schemes implemented during the year 2001-02 resulted in fuel savings of about 36000 tones per annum valued at about Rs. 21 crore based on FOB price of FO during 2001-02. To promote oil conservation amongst the masses, various programmes were conducted during the oil conservation fortnight.

During the year 2002-03, corporation maintained its emphasis on energy conservation and concerted efforts made to minimize energy consumption at all refineries resulted in fuel savings of about 26850 tones valued at about Rs. 27 crore.

Significant award won in this area during 2002-03 :-

- National Energy Conservation Award 2002 : special prize in the refining sector from the Ministry of Power for consistent performance in three consecutive years to Gujarat refinery -
the first refinery of the country to achieve this distinction.

- First Prize of Jawaharlal Nehru centenary Award under ‘Best performance in energy consumption’ category to Gujarat refinery for 1999-00 and 2000-01 and to Haldia refinery for 1998-99. Haldia refinery was also declared the winner of third prize under ‘Best performance in energy consumption’-category for 2000-01.


- PCRA Award for ‘Exemplary work in energy conservation’ to Panipat and Barauni refineries.

SAFETY, HEALTH & ENVIRONMENT (IOC)\textsuperscript{11} : Corporation
has a well defined Safety, Health and Environment policy. It is committed to conducting business with a strong environment conscience ensuring sustainable developments, safe work places and enrichment of the quality of life of employees, customers and community. Great thrust is given to the safety of plant and personnel through continuous upgradation of fire-fighting facilities and imparting safety training to all concerned.

Gujarat Refinery achieved record accident free operation of 2383 days equivalent to 43.09 million man hours as on 31.03.2002. This is the longest accident free spell achieved in the Indian refining sector.

All Indian Oil refineries fully comply with the prescribed environmental standards and incorporate state-of-the-art effluent treatment technologies. Sustained efforts are being made to further improve the existing standards and facilities.

Indian Oil believes that the man behind the machines is more important and considers his health and safety as a valuable asset. Accordingly, occupational health of the employees is monitored across the corporation. All occupational health centres are certified under Occupational Health and Safety Management System (OHSMS).
Ecological parks have been developed at Mathura and Barauni refineries, which also provide a natural habitat for various local and migratory birds. Mathura refinery has completed plantation of 1 Lakh sapling in Agra region to increase the green cover in the ecologically sensitive Taj Trapezium. In addition, 7.5 Lakh saplings have been planted at the refineries.

Pipelines have earned world wide recognition as the most environment friendly, cost effective and safe mode of transportation of crude oil and petroleum products. As a pioneering step to prove the efficacy of its pipeline network, corporation has taken up eco-rating of the Koyali-Ahmedabad pipeline in association with Tata Energy Research Institute (TERI).

In recognition of Indian Oil’s contribution to preservation of environment, the Mathura and Gujarat refineries of Indian Oil were conferred the Golden Peacock National Environment Award – 1998 instituted by the World Energy Foundation, at the ninth world congress on total quality held at Mumbai.

HUMAN RESOURCES : (IOC) 12

Employee Profile : During the year 1998-99, no. of employee were 33515 including 9254 officers were on the rolls of

corporation. No. of lady officers and staff was 2528 (7.54%). 9245 (27.58%) officers and staff were from the weaker sections of the society.

There were 34059 employees, on corporation’s roll as on 31.03.2000 of the 10050 officers, 2598 (7.62%) were ladies. A total of 8023 employees (23.65%) were from the weaker sections of the society.

The human resource in IOC was 31675 strong as on 31.03.2002 of which 9728 were in the officers cadre and 21947 in the staff cadre. There were 5672 employees from SC category and 2097 from ST category. The SC and ST employees constituted 24.53% of the total employees strength. There were 2387 women employees, out of whom 692 were in the officers cadre and 1695 in the staff cadre.

The woman employees constituted 7.54% of total employees strength.

The corporation’s employee strength as on March 31, 2003 was 31500 including 10263 in the officers cadre. There were 2418 women employees (including 754 in the officers cadre), constituting 7.68% of the total manpower.

HRD – “The Third Eye – A people workshop” was the highlight of
strategic HRD interventions during the year 1998-99. Directors and managers across the hierarchy participated in intensive, structured deliberations to formulate the corporate vision statement. The corporate mission statement was restructured, in the context of the ongoing transition to the open market.

A series of workshops were conducted, involving the Directors, the management team and the collectives to boost the internal communication process. The sessions were focused on issues of strategic importance. These exercises on information sharing and consensus building were enthusiastically received by the people in the organization.

During the year 1999-00, corporation fully achieved the training targets specified in MOU with the Government of India, special emphasis was laid on Info tech related training.

Corporation facilitated learning and development process in a focused manner during the year 2001-02. To prepare executives to function effectively in a cross-functional and multi-unit environment in the deregulated scenario, Career progression of executives at the middle level has been linked to their career path.

During the year 2002-03, career progression of middle level executives has been linked to well planned career paths to prepare
them to function effectively in cross functional and multi-unit environments in a deregulated scenario.

Corporation's apex learning centre, the Indian Oil Institute of Petroleum Management (IIPM) completed the 6\textsuperscript{th} International MBA (iMBA) Programme. The programme was attended by 30 officers from IOC and one each from the Army, Air force, and ONGC, so far 192 executives comprising 184 executives from the hydrocarbon sector and eight officers from the defence forces have successfully completed the iMBA programme.

Corporation has set up the Indian Oil Management Centre for Learning (IMCL) in Mumbai on 3\textsuperscript{rd} October 2001. IMCL symbolizes the importance Indian Oil places on developing human resources with world class excellence through learning and development. IMCC will facilitate in upgrading the functional knowledge and skills of the employees and also impart behavioural training.

Advanced Management Programme for senior executives titled "The Threshold" was held at 11 PM during the year in collaboration with Indian Institute of Management, Ahmedabad for building comprehensive strategic perspective, preparing for Board positions, creating mindset of stretched targets and quick response,
and leading the organization effectively.

Likewise for middle and junior level executives, a management development programme titled "Cutting Edge - Strategies to stay ahead of completion was conducted for building cross functional skills, preparing for senior management positions creating integrated outlook on organizational issues / situations and learning to perform with vigour and intensity.

Corporate continued its efforts to enhance the skills of all its employees in functional and technical areas, besides perspective building of its executives. New programmes were conducted to enable the sales, force to develop cutting edge strategies to stay ahead of competition.

**Welfare**: IOC continues to provide comprehensive welfare facilities to all members of the Indian Oil Family. The scheme for Post Retirement Medical Facility was reviewed and substantially improved. The voluntary retirement scheme was made more attractive leading to significantly improved response.

7069 retired employees are now covered under the Post-Retirement Medical Attendance Scheme (PRMAS) with a view to promote employees welfare, corporation brought about improvements in policies concerning medical facilities, allowances
at remote locations, productivity Incentive scheme. The superannuation benefit fund scheme was reviewed and corrective actions taken to strengthen its financial position.

**Welfare of Weaker Sections**: Corporation has been diligently following the Presidential Directives and various instructions and guidelines issued by the Government of India regarding reservations for SC/ST/OBC, Physically handicapped and ex-servicemen. Corporation awards 50 scholarships to eligible SC/ST students pursuing studies in engineering, medicine and business administration. It has been the endeavour of corporation to utilize 25% of community development funds towards Special Component Plan (SCP) and Tribal Sub Plan (TSP) for meeting the needs of weaker sections.

**Community Development**: As a responsible citizen, corporation made substantive contributions for education, health and welfare of the weaker sections of society under the special component plan throughout the country.

Corporation made substantive contribution during the 1999-00 to national causes. Social welfare and community development programmes throughout the country, particularly in the vicinity of its major units to improve the quality of life of the people.
To further strengthen its involvement in community development, corporation this year enhanced the ceiling on annual expenditure for donations, contributions and community development activities for various public and humanitarian causes by 50%; this includes the allocation to the Indian Oil Foundation.

Corporation constructed 800 temporary shelters for earthquake victims at Bachau in Gujarat in 2001-02. Besides, corporation contributed Rs. 23 Lakh during the year to Shri Vedic Mission Trust, Rajakot towards reconstruction of 100 houses at Kharoda village Kutch district of Gujarat. The employees of corporation also contributed Rs. 91 lakh to the Gujarat Chief Minister’s Relief Fund for earthquake victims.

RESEARCH AND DEVELOPMENT (IOC)\textsuperscript{13}: Established in 1972 for development of lubricants as well as providing support to refining processes, the Indian Oil R & D centre at Faridabad near New Delhi has completed more than three decades of technological excellence. It is recognized as one of the best of its kind in Asia and has grown into a major development centre of international repute in areas of lubricants, pipelines and refining processes.

\textsuperscript{13} Various Annual Reports of IOC (1998-99 to 2002-03)
Indian Oil's R & D centre is the first R & D centre in India to receive the ISO 14001 and 9002 certifications.

The centre has developed over 2100 formulations of SERVO Lubricants for virtually all conceivable applications, automotive, railroad, industrial and marine meeting stringent international standards and bearing the stamp of approval of most major Original Equipment Manufactures (OEMs).

Indian Oil Technologies Ltd., a wholly owned subsidiary of Indian Oil, is commercializing the innovations and technologies of the centre, which has over 140 national and international patents to its credit, including 13 from the USA. The patented innovations include Needle Coke (a technology closely guarded by only a few refiners in the world). Indmax, Indemul and Indolin + technologies specially suited to India's product slate; IPIG a tool to diagnose the internal health of petroleum pipelines developed jointly with the Bhabha Atomic Research Centre, etc. The technological innovations received several national and international awards. Apart from acquiring leadership in development and commercialization of bio-fuels, the R & D centre is currently the nodal agency of the hydrocarbon sector in India for ushering in hydrogen fuel in the country.
1. Specific areas in which R & D carried out by the company:-
   a. Lubricants, greases and specialties.
   b. Fuels and emission studies.
   c. Refinery processes.
   d. Pipeline transportation of crude oil and products.
   e. Material failure analysis.
   f. Synthesis of additives and biotechnologies.
   g. Fuel efficient appliances.
   h. Information technology / knowledge management.

2. Benefits derived as a results of the above R & D.
   a. Process technologies for lubricity additive for HSD developed and commercialized.
   b. Indetreat & Indesweet technology (CFC based) for caustic / amine treatment for sweetening of LPG & gasoline developed and commercialized.
   c. Development of hydro cracking technology for conversion of naphtha to LPG.
   e. 40 new and 42 revised product formulations were developed. Some of these include :- Servo, Syn. circulatory oil for M/s Sulzure Looms, Servo super 10W, 20, 20W-50, 40 & 50

f. 35 products got approvals from user industries and original Equipment manufactures.

3. Future plan of Action


b. Extended R & D services to other refineries

c. Optimization / Upgradation of existing refinery processes to maximize product yield.

4. Expenditure on R & D. (Rs. Crore)

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<td>68.63</td>
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Thus, we find that IOC is quite conscious of its social responsibilities and has been regularly reporting the various measures; it has taken in this regard.