Chapter - VI

SUMMARY AND CONCLUSION

The term HRD broadly denotes everything that is concerned with the development of human resources in some way or other. "Human Resource Development", could be defined as; organised learning experience in a definite time period to increase the possibility of improving job performance growth.

Human Resource Development practices are not new to India. It is evident that India had a system of training and development of the personnel even some 5000 years back through various institutions and systems such as Ashramavyavastha, Purusharthas, joint family etc... These systems slowly disappeared from India on account of foreign invasions and alien rule for several centuries. India is a big democratic nation with rich and untapped resources.

India can be compared to many advanced nations with regard to value added in manufacturing but with reference to percapita income, it is not comparable to the developed nations.

India, has the largest number of engineers, technicians, doctors, lawyers and other professionals. The investment made both in public and private sector units and all other organisations should yield decent returns. This demands not only advanced technology but also efficient human resources with skills, knowledge, right attitude and devotion to accomplish the objectives in the optimal manner. This highlights the importance and the significance of HRD in India which has to play a vital role in correcting the situation.

Human resource is the most important asset in the organisation, because all other natural resources can be better utilised by motivated human resources only. Thus, there is a need to invest time, money and efforts in their development. The investment of time, money and effort in it provides fruitful results as the human resources with endless potentials can be developed to an unlimited extent. As McGregor observed, people have got a large amount of creativity, imagination, ingenuity to solve the problems of organisation. But, often these potentials are not fully utilised by management through appropriate and systematic efforts. As he has been well observed: "Each human being is
born as something new, something that never existed before. Each is born with the capacity to win at life. Each has his own unique potentials, capabilities and limitations". Thus, it is the responsibility of management to develop subordinates for the achievement of organisational goals.

It is a known fact that the “return from investment in human resources is many times more than from other resources. Material resources depreciate every year in value but human resources appreciate in value by acquiring greater knowledge, experience and efficiency”. Knowledge (technical, managerial and behavioural sciences) can be acquired to a great degree in educational, training institutions or by reading books. However, skills can be acquired only to limited extent in classrooms. Particularly managerial and behavioural skills cannot be easily acquired in classroom. It is difficult for a training programme or an educational institution to offer individually tailored learning experiences aiming at skill development. Every employee in an organisation has his own unique needs, setting and understanding. Therefore, skill development can take place better on-the-job under guided instructions.

Review of Literature

1. “Management of Human Assets” by M.G. Rao, a compendium, threw light on the complexities of managing human beings in the present day organisations. The various aspects of HRM in relation to small scale units operating in industrial estates have been presented initially, followed by theoretical presentation on HRD, different aspects of training, organisational development, employee participation, etc. The effects of training and employee developmental activities have also been put to close examination. It also attempted to find how the employee-related activities flourish in various other sectors like urban government, co-operative, informal sector and small scale sector.

2. “HRM 2000” by P. Subbarao, a compendium, presented the various developments in the HRM in a comprehensive form. It also attempted to look into the current trends in the Human Resource Function with a view to outline the future development that are likely to take place in the years ahead. It also discussed in a lucid manner the topics such as job analysis, job evaluation, employee benefits, recruitment and selection, line staff conflicts, social responsibility policies along with other current topics such as organisational culture and climate, organisational politics, organisational
effectiveness, followership, participative management, dual career problems, quality of work life, quality circles and organisational development.

3. "Frontiers of Management Science - Training and Development of Executives" by T. Jogaiah was a rigorous and an in-depth research study of training and development of executives in the Indian Power Sector, the first of its kind in the country. Apart from providing a strong theoretical and conceptual foundation on training and development of executives, it covered an exhaustive study of the Power Sector problems and prospects concerning personnel policies, HRD, policies and practices relating to executive training and development and institutional training network in the power sector. It embodied the results of a probe into the executive training and development methods, techniques, achievements and failures of Andhra Pradesh State Electricity Board.

Importance of the Study

Generally, human beings are not a resource on their own. If it were so, then countries with higher population would have benefited the most. Human resources become full fledged when they acquire functional skills and an appropriate attitude. In the absence of required development, human beings could be liabilities at Micro and Macro level.

Normally, in an organisation individuals rise to higher position based on their technical skills. They occupy higher position involving greater responsibility and skill and they spend less and less of their time of technical aspects and problem but spend more and more on the human side of the organisation, which demands distinct knowledge, abilities and skills that may be absent in them to the extent required.

Generally, human resources are needed not only to handle the present operations but also to shoulder responsibilities in the organisation in the future. The change is the order of the day in the words Peter F. Drucker and we live in a world of discontinuity. This calls for HRD inevitably which tones up the system to meet the present and future needs of the organisation.

The HRD Practices at TNPL and Seshasayee

The old and conventional administration has evolved to the current concept of human resource development at an opportune time a time when organisations are at cross roads
and bewildered to cope with changes in environment and rising expectation of employees, Human resources development has evolved into a guiding star in the corporate world.

Organisations have increasingly come to realise the importance of HRD and consequently the term HRD has become popular among Indian organisations. Many are advertising, inviting individuals to head their HRD functions. Every organisation depending on its own history, organisational culture, growth and needs evolve its own HRD activities.

It is always thought that HRD is often synonymous with training though training, no doubt is one of the HRD interventions. The workers are sent for training without any analysis of training needs. Workers are selected without evaluating their growth potential. Organisations may conduct performance appraisal without in any way indicating scope for improvement in the appraisal. If organisations do not plan for career development, individual workers may eventually leave the organisation. Many organisations have unfortunately simply renamed their training department into HRD department.

**Seshasayee Paper Boards Ltd (SPB Ltd)**

Many states in India had built pulp and paper mills during 1950’s but the State of Tamil Nadu was without any Paper Mill till the dawn of 1960, but in 1960 Sri.S. Viswanathan (Chairman) took efforts to put a paper mill. **Seshayee Paper and Boards Limited was incorporated in 1960.** Commencement of production took place in November 1962. The mill was built in collaboration with the leading US Company “Whittle More” New York. The initial capacity of the Mill was 20,000 tons per annum. The Mill was designed to use bamboo as primarily raw material for manufacturing its pulp and paper. Later hard woods like Eucalyptus, supplemented bamboo in large measure. It did not take much time for the mill to anticipate that Government would call upon the pulp and paper industry to shift to alternate raw material, leaving forest almost untouched. Seshasayee Paper and Boards had a ready answer with sugar cane bagasse as a viable alternate raw material and this soon led to the birth of establishing a sugar mill. The Government of India has recently announced a shift in its licensing policy under which sugar and paper mills will be required to be integrated, each supporting the other and forest wealth from denudation. Seshasayee Paper and Boards Limited is going for the next expansion at present and the production will be increased to 1,20,000 tons per annum. The Seshasayee’s annual production is 60042 tonnes
of paper and paper products during 1999-2000. It is a major private sector industry in paper production.

Objectives of the Study

The present study is undertaken with the following objectives.

1. To study the origin and growth of TNPL and Seshasayee Paper and Boards Ltd.

2. To examine the existing HRD practices with special reference to employees perception on HRD systems at TNPL and Seshasayee Paper and Boards Ltd.

3. To study the problems relating to implementation of HRD practices in both paper Industries.

4. To suggest measures for improving HRD practices in both paper industries.

Tamil Nadu Newsprint & Paper Limited popularly known as TNPL was conceptualised and promoted by the Government of Tamil Nadu in the year 1984 for the manufacture of newsprint, printing and writing paper using bagasse as its raw material to meet the twin objectives.

- Of conserving the fast depleting forest resources.

- To reduce dependence on imported Newsprint.

In this respect, TNPL, has been able to effectively source its raw materials. It has tieups for supply of bagasse on substitution basis with five sugar mills. All the mills are in turn supplied with steam.

An optimum product mix consisting of 50,000 tpa (tonnes per annum) of Newsprint and 40,000 tpa of printing and writing paper was designed for the project due to the low administered prices of NP (News Print) then prevailing and the fiscal incentives that were available for pwp units using 75% Bagasse pulp. PWP in the product mix was also considered as a fall back arrangement for safe guarding the investment in the event the innovative technology adopted for production of NP from bagasse takes time to become commercially viable.
At the early stages of the company's original project, the company installed adequate chemical pulping facilities for the manufacture of pwp as a fall back measure since the technology for manufacture of mechanical pulp was not commercially proven. The pulping plant is, therefore, designed for an output of 100,000 tpa of NP or 80,000 tpa of pwp so that adequate pulp is available to manufacture pwp for the entire capacity if Newsprint production based on bagasse proves to be difficult. The process for manufacture of mechanical bagasse pulp was, however, established in time for commercial exploitation by the company.

In the course of adopting & inventing the technology, remarkable expertise has been gained by the Indian Industry in paper and newsprint manufacturing from bamboo, hardwoods, straws and bagasse. Specially noteworthy is the technology developed for manufacturing the mechanical pulp from bagasse which is being used for newsprint manufacturing. In the knowledge of the authors, TNPL which is located in Tamilnadu is the only mill in the world successfully producing newsprint from bagasse mechanical pulp in combination with wood mechanical pulp and chemical pulp.

Various industrial groups in the sector using agricultural residues from pulp & paper manufacture have been able to develop chemical recovery systems, particularly the recovery boilers for small scale operation of 50 tpa, circumventing the problems created by the presence of silica. Today, utilising the modern technology, quality papers including photocopier paper are being made from the indigenous raw materials.

**TNPL - Tamil Nadu Newsprint & Paper Limited**

TNPL was established in 1979 as an Indian Premier institution and enjoys as one of the world's largest non-convertional Bagasse based paper mill located as Kagithapuram in Kasur District with its corporate office at Chennai. It is a public sector enterprise under the control of Tamilnadu government.

It manufactures high quality newspaper, writing and printing paper from bagasse.

It as twin objectives:

a) To conserve the fast depleting forest resources.

b) To reduce the dependence on imported newsprint.
TNPL was established under the Companies Act, 1956 as a Public Sector enterprise under the control of State Government.

TNPL is acknowledged as the world leader on Technology for the manufacture of newsprint, PWP from Bagasse Pulp mix. The newsprint consists of 85% bagasse and 15% hardwood, chemical pulp: Pulp is manufactured from 75% Bagasse pulp and 25% of hardwood chemical pulp.

Out of 982 workmen in TNPL:

i) 413 belong to process department

ii) 202 belong to mechanical department

iii) 218 belong to electrical department

iv) 149 belong to others department

Production

The company’s total production has increased from 101188 M.T of paper and paper products in the year 95-96 to 1,53,460 M.Ts in the year 1996-97 and to 1,70,618 M.Ts in the year 97-98 and to 1,76075 M.Ts in 98-99. It is increased to 1,78,871 M.Ts in 1999-2000.

Sales

The company sales was increased from Rs. 30,563 lakhs of paper and PWP in the year 1995-96 to Rs. 43,682 lakhs in the year 1996-97 and to Rs. 44,176 lakhs in the year 1997-98 and increased to Rs. 47,645 lakhs in the year 1998-99 and it was increased to Rs. 50,925 lakh in the year 1999-2000. So, TNPL’s sales is increasing year by year. It shows that TNPL’s productivity in terms of products and sales is increasing constantly. Hence there is an effective and good performance of the company.

Net Profit

Its net profit is also increasing constantly from Rs. 1408 lakhs in the year 98-99 to Rs. 1625 lakhs in the year 99-2000. Its net profit on sales ratio is also increasing from 3.10% in the year 98-99 to 3.30% in the year 99-2000.
TNPL is managed by a Board of Directors consisting of 8 members as follows:

1. Chairman, M.D is the Chairman of Board of Directors.

2. 7 Directors including one Director (Finance)

The top level management of TNPL is from M.D upto D.G.M. The middle level executives consist of Managers, Senior officers, Senior Engineers, Officers and Assistant officers and Assistant Engineers. The Low level employees are staff, chargemen and workers.

Profile of Seshasayee Paper and Boards Limited

Many States in India had built Pulp and Paper Mills during 1950s but the State of Tamil Nadu was without any paper Mill till the dawn of 1960, but in 1960 Sri S. Viswanathan (Chairman) took efforts to put a Paper Mill. Seshasayee Paper and Boards Limited was incorporated in 1960. Commencement of production took place in November 1962. The mill was built in collaboration with the leading US Company “Whittle More” New York. The initial capacity of the Mill was 20,000 tonnes per annum.

The first expansion of the company took place in 1969. The capacity was increased to 35,000 tonnes per annum. It went for second expansion in 1978 when the production capacity was increased to 60,000 tons per annum. The number of employees working in the Organization are 1608 as on 31.1.2001 and the total area of the company is 161 acres, out of which the Factory area is 101 acres.

Performance of SPB Ltd.

Export Performance

Exports of the Company registered an increase both in quantity and value. During the year 1999-2000, 5121 tonnes of paper and paper boards were exported as compared to 4095 tonnes during 1998-99. The proceeds amounted to US $35 36 521, equivalent to Rs. 1547 lakhs, as compared to US $ 27 30 170 equivalent to Rs. 1162 lakhs, during the previous year.
Year 2000 Issue

The Company's existing hardware, software and microprocessor based equipment and processes, which were made Y2K compliant, transitted smoothly to the new millennium and are performing satisfactorily.

ISO 9001 Accreditation

Company's quality systems continue to be covered by the "ISO 9001’ accreditation awarded by Det Norske Veritas, The Netherlands.

Current Year (2000-2001)

Production during April-May 2000 was 9703 tonnes as compared to 10234 tonnes produced during April-May 1999. In addition, the Company produced 2567 tonnes of trial production out of the new paper machine during April-May 2000. Sales realisation (net of Excise Duty and Cess) during April-May 2000 amounted to Rs. 2454 lakhs (8083 tonnes) as compared to Rs. 2052 lakhs (7980 tonnes) during April-May 1999. Sales from trial production (net of Excise Duty and Cess) out of the new paper machine during April - May 2000 amounted to Rs. 449 lakhs (1614 tonnes).

During April - May 2000, 547 tonnes of paper and paper boards valued at US $ 4 02 610 (equivalent to Rs. 178 lakhs) were exported.

Some positive signs of revival are emerging in the Indian Paper Industry on the back of a strong global market for paper.

However, the rationalisation of Excise Duty introduced in the Budget for 2000-2001, leading to a single rate of Excise duty for all units, including SPB Ltd. will exert considerable pressure on profitability.

Net Profit

The Net profit of the company stood at Rs. 2727 lakhs during 1995-96 and compared to Rs. 12.6 lakhs in the previous year. But it declined to Rs. 918 lakhs during 1996-97 and to Rs. 113 lakhs.
But during the year 1998-99, the net profit is slowly increased to 326 lakhs and to Rs. 514 lakhs in 1999-2000. However out of these five years, the company's performance was good during 1995-96.

Exports

The company exported 6290 tonnes of paper and paper boards worth Rs. 2084 lakhs during 1995-96.

In 1996-97 it was 7625 tonnes worth Rs. 2128 lakhs and it declined to 6061 tonnes of paper and paper boards worth Rs. 1722 lakhs in 1997-98.

Also this declined to 4095 tonnes worth Rs. 1162 lakhs during 1998-99.

Finally, it increased to 5121 tonnes worth Rs. 1547 lakhs during 1999-2000.

It is evident from the study that the recruitment process of both TNPL and SPB Ltd. get through two major sources namely Internal and External. For instance, the sources like employment exchanges, advertisements and other reputed organisations, educational institutions, friends and relatives, employees recommendations are followed.

The selection procedure of both TNPL and SPB Ltd. is very simple as it goes through a step-by-step procedure, involving preliminary interview, application blank, identifying information, employment test, employment interview, reference cheque followed by medical examination. Among other things, it was also found that, both the organisations (TNPL & SPB Ltd.) have adapted training and education, to impart specific skills to the employees by providing various types of training including induction, on the job, refresher, vestibule, and off the job training methods. Both the organisations have spent nearly 17 lakhs respectively towards the training programmes. Regarding promotion and career development, TNPL and SPB Ltd. have followed a promotion policy consisting of seniority and merit. However, the promotion depends upon the performance appraisal, improvement of qualification aspects and length of service. The individual performance is assessed by his quality of work, quantity of work, timeliness, cost-effectiveness, need for supervision and interpersonal intact.

In addition to the above, the performance appraisal methods included ranking, ranking scale method, checklist, forced choice method and field review. It is found that in TNPL
and SPB Ltd, there is separate performance appraisal system for unskilled labour, general staff and executives. Both TNPL and SPB Ltd. motivate the employees by providing various incentives schemes, in addition to regular pay and bonus given to them. Education, housing, medical, recreational facilities are also provided by both the organisations. It is also found that trade unions, grievance and handling systems are also properly functioning in these organisations. TNPL has provided housing colonies, co-operative societies, community services, housing loans, community hall, library etc. In SPB Ltd. also all these are found and they have established 2 awards namely Cleanliness Award and Good Performance Award for the employees. SPB Ltd. also provides residential quarters, educational facilities recreational and cultural activities, retirement relief, and incentives for family planning.

For both the organisations, as given in the Table 4.19, 4 Null hypotheses, 5 alternative Hypotheses were formulated. Out of 4 Null Hypotheses, the following 3 were rejected and No. 4 was accepted.

1. There is no significant relationship between motivational factors, creating job satisfaction and different sections of employees - rejected.

2. There is no significant relationship between motivational factors and job satisfaction - rejected.

3. There is no significant different between technical knowledge and skills through training facilities with different sections of employees - rejected.

4. There is no significant relationship between training and development and job satisfaction - accepted.

Out of 5 Alternative Hypotheses, 3 were accepted and 4 & 5 were rejected.

1. A significant relationship between welfare facilities and job satisfaction - accepted.

2. Grievance redressal improves job satisfaction - accepted.

3. There is an association between team spirit and co-operation and job satisfaction - accepted.

4. Career Planning development depends upon promotion based on seniority or merit - rejected.
5. Workers participation in Management solves the employees problem by counselling - rejected.

It is also found that in TNPL, workers participation is not positively co-related. Therefore, the alternative hypotheses formulated in this context has been rejected. However, on the other hand, in SPB Ltd, the workers participation in management has positively influence the employees and therefore, the alternative hypothesis framed in this context has been accepted. Similarly, in TNPL Career Planning development has not positively correlated. With the promotion based on seniority (or) merit and therefore the hypotheses was rejected. On the other hand, for SPB Ltd., the same alternative hypotheses has been positively correlated and therefore it was accepted.

Problems in TNPL

After receiving the information from all personnel managers, the researcher had an opportunity to discuss with the DGM (HRD) personnel in TNPL. He was kind enough to freely put forth his views. At the commencement of the company, it has incurred heavy expenses in acquiring raw-materials and skilled and technical employees. At that time, SPB Ltd helped in the establishment of TNPL to commence production activities by supplying its own experienced and Technical employees on Lien basis for a specified period.

Acquiring Technical Workers

At the beginning TNPL acquired Technical employees from SPB Ltd and other paper industries in U.P, M.P. Maharashtra and Punjab. Now, it has a full pledged complement of different categories of employees. Now, every employee is given adequate training facilities at its own cost. So the efficiency of employees is improved by acquiring adequate knowledge and skills thorough different types of training inside the company and in other places giving specialised Training, like National Productivity Council, Institute of Management Studies etc.

Acute Shortage of Raw-material

The company has to spend more amount in obtaining bagasse from major sugar industries in Tamil Nadu. So the cost of raw material is increased by spending Transport expenses and establishing coal fired boilers to produce (manufacture) power for sugar production in those sugar factories.
Moreover other important materials like coal, lignites, chemicals are being brought up from other states of India heavily on the paper production.

**Financial difficulties**

The company's profit during the past 5 years was increasing. This was due to improvement in employees' skill and knowledge by giving effective training methods. More than 50% of the income of the company was spent for giving worker's training, providing adequate welfare measures and other facilities to its employees to meet their needs. ISO 9001 obtained in its production.

Huge amount is spent for getting ISO 14000 in order to improve Environmental conditions by removing its effluent water. Besides, TQM and TPM are carried on effectively to learn all work methods by all employees in order to reduce the cost of operatives and increase its productivity and profitability.

**Main problem - SPB Ltd. - Acute shortage of Raw Material**

For a paper industry, bamboo and wood are the basic raw materials. These are to be procured from forest areas, which are far away from the factory site. Bamboo which is used for finer quality of papers is fading out and also scarcely available and at huge cost. So the company has to naturally depend on other varieties of wood and their availability also being limited, because of its vast use, the Company has to put in enormous amount and strain for obtaining the same in the competitive market.

In order to supplement wood, bagasse, a product from sugar cane, is being used for the manufacture of paper, which requires a lot of changes in the existing plant and machinery, which directly causes severe financial constraint to the company. Further, bagasse has to be procured from the Sugar Mills, which are also situated in far away places.

Moreover other important materials like coal, lignite, chemicals are being brought by the Company from other states, costing the company heavily on its manufacturing cost.

When compared to other mills, which are situated near the forest area/coal fields, the cost of production in this factory is very high. In addition, the ratio of wages paid to the total turnover indicates a percentage of 10.5% which is on the higher side as compared to the industry norm which is 5 to 7%.
Financial difficulties

A review of the last 5 years balance sheet of the company shows that all through the years the company has been incurring losses, in addition to accumulation of its finished products at the Godowns for quite a long period. Only during the last two years, the Company has been able to achieve profits, thanks to the sustained and untiring efforts of its young and dynamic Managing Director, but the said profits are being off-set for the losses incurred by the Company over the years.

The company being three decades old, its machinery are also old. The depreciation value is more. The company is thinking of embarking upon modernisation, which may help to produce quality products.

Excess man power

The Company has a total strength of 1700 employees all put together and out of this Staff strength is 525, besides officers. The ratio shows that for every two workers, there is a staff i.e. 1:2, which is quite high compared to other Mills. This also costs the Company. So the Company is contemplating on some measures to reduce the strength of its staff.

Some suggestions for the improvement of HRD Practices in TNPL and SPB Ltd.

Based on the study the following suggestions are made:

1. More training facilities including training in abroad should be given by TNPL. But in SPB Ltd., training in abroad is not given to its employees adequately. So, SPB Ltd. should give training facilities in abroad to its employees sufficiently.

2. TNPL has to consider both seniority and merit for promotion of employees.

3. TNPL gives large no. of welfare facilities to its employees. Like TNPL, SPB Ltd. should increase the welfare facilities to its employees.

4. In TNPL, death relief fund Rs. 50,000 and Rs. 75,000 for workers and executives plus 1/2 day salary of all employees is given. But in case of SPB Ltd. Rs. 5 is given by all
employees and total amount of such Rs. 5 is given towards Death relief fund. So SPB should increase the Death relief fund amount.

5. TNPL should reduce the amount of rent reduction from source towards employees quarters as it is more than that of SPB Ltd.

6. Award for valuable suggestion scheme is Rs. 5000/- plus Merit Certificate in TNPL, but in case of SPB Ltd. maximum award for suggestion scheme is only Rs. 250 + Merit Certificate. So it is very insufficient. So SPB Ltd. increase the amount of award for valuable suggestion scheme.

7. Like TNPL, House Loan Scheme should be introduced by SPB Ltd. to its employees.

8. Under Children Education Loan Scheme, SPB Ltd. gives Rs. 20,000 as loan to employees children's higher education purpose. So TNPL should give such a kind of education loan to its employee children.

9. Performance appraisal system should be adopted effectively always by both TNPL and SPB Ltd.

10. TNPL should avoid to consider political influence in the selection of right man for the right job.

11. The grievance redressal in SPB Ltd. should be made effective.

Scope for Research in future

A study may be conducted on the HRD Practices in Paper Industries in Tamil Nadu with reference to Top Level Executives perception on HRD System in TNPL and SPB Ltd. Further, a comparative study of HRD practices between public sector enterprises and private sector enterprises may also be surveyed.