Chapter - III

Part - A : PROFILE OF THE ORGANISATIONS
Part - B : PERFORMANCE APPRAISAL IN PRACTICE
Chapter - III

A. Profile of the Organisations.


Brief History:

As a result of Industrial Policy Resolution of 1956 and consequent upon a trade agreement entered into by India with Japanese Steel Mills for the supply of Iron ore on long-term basis, the Government of India set up National Mineral Development Corporation Ltd (NMDC) under the Indian companies Act, 1956. NMDC came into existence on 15th November, 1958 with the main objective of exploration, development and exploitation of iron ore deposits in the country and also diamond mining. In order to fulfil its objectives, NMDC started three iron ore projects and one diamond mining project which included Donimalai Iron Ore Mines as one of them.

The Donimalai Iron Ore Project (DIOP) was sanctioned by the Government in 1970 with a capital outlay of Rs.21.54 lakhs and developed by NMDC. It commenced construction in 1970 and entered into trial production in October 1977 with a capital of Rs.41 crores. The registered office is situated at Hyderabad in Andhra Pradesh.
Location & Production:

Donimalai Iron Ore Mines (DIOM) is one of the fully mechanised Iron ore production mines of NMDC. It is situated in the Bellary Hospet region in the state of Karnataka between the latitudes 15° 2' 0" N and 15° 6' 30" N and longitudes 76° 36' 0" E and 76° 38' 30" E. At the north-western tip of this range is situated the Tungabhadra Reservoir - a major irrigation project.

'Donimalai' derives its name from the shape of the hill. In the local language, i.e., 'Doni' in Kannada means 'boat' and 'malai' means 'hill'. The hill range is in the shape of a 'inverted boat' and hence named as 'Donimalai'.

The mine is designed to handle 4 million tonnes of run of mine ore per year to produce lump ore and fine ore separately by wet screening. The production of iron ore concentrate is carried out by separate plants, viz., crushing, screening and loading plants. The entire production is exported to foreign countries.

The Bellary-Hospet deposits, are one of the four major known concentrations of high grade haematite ore in India, the other three are in Bihar, M.P. and Goa. The DIOM range
extends over a length of about 7 kms on North West to South-East direction, spreading to six blocks.

Estimate of reserves and ore types:

Geological survey of India (1965-68) carried on investigation in collaboration with NMDC and estimated the iron ore deposits to be 149.24 million tonnes, out of which only 95.93 million tonnes of would be mineable. This mine is estimated to last for 20-25 years.

Based on the lump recovery iron ore is classified as 'very hard ore', 'hard ore', 'medium hard', 'laminated ore', 'soft ore', 'friable ore' and 'last blue dust'. With regard to production process, NMDC, Donimalai unit follows open cast mining method with 12 M high benches.

Export and Foreign Exchange: This mine has been designed for exporting iron ore to Japan, South Korea, Romania, China, Europe, US and other countries. It earns foreign exchange for the country to the tune of Rs.60 crores per annum and also contributing royalty to Karnataka Government to the tune of Rs.1.1 crores per annum. Since inception till October, 1989 the total despatch of lump and fine ore was 17.74 million tonnes.
Township and other facilities:

DIOM has been provided with all facilities viz., transport, communication, water, electricity, residential colony, health care, education, shopping, games and sports, community centre, recreation, hotels, banks, post offices etc.

The mine has constructed its own housing colony for the employees which is a modern township with adequate facilities for comfortable stay of the crew.

Work force & Industrial Relations:

The personnel working at DIOM represents operators, supervisors and managers in different departments including plant and administrative office was 1508 as on 18th March, 1990. This includes 250 executives and 1258 workmen. The company is continuing its efforts in development of human skills through appropriate training and development programmes. Almost every year the industrial relations, by and large, were very cordial.

Ownership, Organisation and Management:

DIOM, a unit of NMDC, is wholly owned and managed by the Govt. of India and states have no equity participation. The investment is totally made by the Central government and profits also go to it i.e., the National Exchequer. The organisation was established as a joint stock company. It is
governed by the Indian Companies Act, 1956 as well as subject to the rules framed by the Central government from time to time. DIOM is in the public sector. The day-to-day management of DIOM is vested with the General Manager (GM), appointed by the Board of Management which is at the registered office. At corporate level NMDC is managed by Chairman and Managing Director (CMD), who heads the Board of Management and under him are the functional directors. The CMD is appointed by the Government of India. But at plant level, i.e. in DIOM, GM is the head of the plant followed by the Deputy General Manager (DGM) for mines. The following is the organisation chart of DIOM.

3.1 Organisation chart of DIOM, NMDC:

Financial Performance:

The performance of DIOM (NMDC) for the year 1986-87 was as follows:

Table 3.1: Financial performance of NMDC.

<table>
<thead>
<tr>
<th>Item</th>
<th>Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital (Rs. in crores)</td>
<td>Rs.54.19 Crores</td>
</tr>
<tr>
<td>Fixed assets (Rs. in crores)</td>
<td>Rs.44.68 Crores</td>
</tr>
<tr>
<td>Sales (Qty)</td>
<td>2.65 million tonnes</td>
</tr>
<tr>
<td>Sales (value)</td>
<td>Rs.62.02 Crores</td>
</tr>
<tr>
<td>Production (Qty)</td>
<td>2.63 million tonnes</td>
</tr>
<tr>
<td>Profit</td>
<td>Rs.2.11 Crores</td>
</tr>
</tbody>
</table>

3.1 Organisation Chart of DIOM, NMDC:

CMD (R.O)

G.M.

- Production (DGM)
- Finance & Accounts (Financial controller)
- Personnel (Manager)
- Maintenance & Service (Chief Engineer)
- Health (Chief medical officer)
- Industrial Engg. (Senior Manager)
- Vigilance Officer
- Central Industrial Security Force (Asst. Commandant)
- Civil Department (Senior Executive Engineer)
- Materials (Manager)

Source: Information Booklet Issued by NMDC.
Future plans of the Company:

The company has chalked out a HRD programme to bring out a change in the PAS, increasing productivity, wiping out previous losses and increasing the quality in ore concentrates. DIOM also strives for earning more foreign exchange in the years to come.

2. Tungabhadra Steel Products Ltd. (TSP), TB Dam, Hospet.


Historical Background:

Water is the basic need for food production and rapid industrialisation. Development of Irrigation and Hydro-electric power has assumed vital importance in the nation's growth. Design, manufacture and installation of hydraulic structures have assumed an added significance. It is against this background that TSP was established on 18th April, 1960 as a public enterprise.

TSP is a successor to Workshops and Machinery Division of Tungabhadra project and this division was started in the year 1948 for maintenance of project machinery. In the year 1952, the division was converted into a shutter manufacturing unit for manufacture of gates and allied equipment required for the
Tungabhadra project. The shutter manufacturing factory was inaugurated by the late Pandit Jawaharlal Nehru, the then Prime Minister, on 27th Feb., 1952.

Thereafter to expand the activities of the workshop, TSP was formed in 1960 as a public sector undertaking and registered under the Companies Act 1956, with equal equity participation by the Government of Mysore and Andhra Pradesh. In the year 1967, the Government of India invested in 51% of its shares and became the major shareholder. TSP has now become a subsidiary of Bharat Yantra Nigam Ltd. It is under the administrative control of the Ministry of Heavy Industry, Government of India.

Location:

TSP Ltd. is situated at Tungabhadra Dam locality, a potential place which is 5 kms west to Hospet, a mineral town of Karnataka. The originally located workshops of the company were shifted under an expansion scheme to a new location with an improved layout and facilities. It has branch offices at Bangalore and Hyderabad.
TSP's design and Manufacture:

Over the years, TSP has developed vast expertise in carrying out turn-key jobs and has specialised in the design, manufacture and installation of hydraulic gates and various other types of steel structures and equipment. It has the privilege of being a leader in manufacture of Hydro-mechanical equipment required for irrigation and power sectors. TSP has progressed from year to year and today, it is the only public sector undertaking, manufacturing hydraulic gates which is its main line of production. The following products are manufactured by TSP:

1. Hydraulic Gates (Radial, fixed wheel & slide).
2. Hoists for Hydraulic Gates (Rope drum, Screw and Hydraulic)
3. Cranes
4. Building structural
5. Penstock pipes and pressure vessels
6. Transmission line towers and sub-station structures
7. Ferrous and non-ferrous castings
8. Diversification

Ownership, Organisation and Management:

The ownership of TSP is in the hands of Government of India (51%), the government of Andhra Pradesh (24.5%) and
Karnataka (24.5%). It is organised as a joint stock company under the Companies Act, 1956. The day-to-day management is vested in a 'Board of Directors' which consists of a Chairman, Managing Director and five other Directors. The organisation chart of TSP is shown in the next page.

Table 3.2 TSP Ltd. at a Glance:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital (Rs. in crores)</td>
<td>6.23</td>
<td>5.69</td>
<td>5.44</td>
<td>5.05</td>
</tr>
<tr>
<td>Fixed Assets (Rs. in crores)</td>
<td>11.49</td>
<td>11.19</td>
<td>10.55</td>
<td>9.72</td>
</tr>
<tr>
<td>Value of Production Rs. in lakhs)</td>
<td>3972</td>
<td>4016</td>
<td>3554</td>
<td>2811</td>
</tr>
<tr>
<td>Turnover (Rs. in lakhs)</td>
<td>4110</td>
<td>3984</td>
<td>3227</td>
<td>2322</td>
</tr>
<tr>
<td>Gross profit (Rs. in lakhs)</td>
<td>852</td>
<td>806</td>
<td>698</td>
<td>504</td>
</tr>
<tr>
<td>Net loss carried forward (Rs. in lakhs)</td>
<td>69</td>
<td>59</td>
<td>(-)46</td>
<td>(-)125</td>
</tr>
<tr>
<td>Total staff (No.s)</td>
<td>1026</td>
<td>NA</td>
<td>1048</td>
<td>NA</td>
</tr>
</tbody>
</table>


Human Resource Development and Industrial Relations.

The company, to harness the full potential of its manpower resources to the optimum level, has introduced the 'Voluntary Retirement Scheme'. In-house training programmes were offered to employees and various trainees to develop
3.2 Organisation Chart of TSP

- Secretarial
- System Audit
- Administration
- Personnel

MD

Dy.G.M. Bus.Dev
- Marketing/Sales
- Regional Offices

Dy.G.M. Tech.
- Design
- Product Development
- Inspection/Quality Control

Sr.Mgr. Systems
- Production Planning
- Material Planning
- Sub-contract
- EDP
- Industrial Engineering
- Systems
- Transportation

GM
- Production
- Maintenance
- Material Management

Dy.G.M. Services
- Erection/Commissioning

DGM Finance
- Accounting
- Treasury
- Costing
- Payroll
- Budgeting
- Billing
- Pre-Audit
- Funds and Taxation
talent, improve competence and create production work environment. In 1991-92, in-house training programme for executives and non-executives was also conducted.

The company has been following the directions of the Government of India regarding reservation of posts for SC/ST. Out of a total 1048 employees, 285 belonged to SC/ST.

TSP has a team of young, energetic, experienced engineers and skilled workmen besides a strong R & D group.

In this company the Industrial Relations have been very cordial and promoted the culture of participative management through shop councils and joint councils.

As these specialised services are not offered by any other company TSP is in a unique position. The growth of TSP has been rapid and high; it has increased its production line length and diversified into many other new related areas.


Background:

The Iron ore industry in India is as old as the Himalayas. The glory that was the Indus valley civilization
speaks of the ingenious exploitation of iron ore and the various uses to which the mother metal was put. The known and proven reserves are so enormous and of such good quality that they meet the entire requirement of the Indian steel industry and also offer vast scope for export. The Kudremukh is one of the iron ore industries established in India for the purpose of exploration of iron ore.

The Kudremukh iron ore project was the result of the interest evinced by Iranians as a result of the discussions held in 1974 by Indo-Iranian Joint Commission. A Memorandum of Understanding (MOU) was signed on 2nd May, 1974 between the two governments in which it was agreed in principle that the necessary credit would be extended by the Government of Iran for implementation of the project for production and delivery of iron ore concentrate to the National Iranian Steel Industries Corporation (NISIC). As a result, two agreements, a Financial Agreement and a Sale & Purchase contract, were concluded on 4th Nov. 1975.

In pursuance of the Financial Agreement with Iran, it was stipulated that a separate company be formed to execute the project. Accordingly, Kudremukh Iron Ore Company Limited (KIOCL) a wholly-owned Government of India Enterprise, was
established on 2nd April 1976 to develop mine and plant facilities to produce 7.5 million tonnes of concentrate a year. The mine and plant facilities were commissioned in 1980 and the first shipment of concentrate was made in Oct, 1981. A pelletation plant with a capacity of 3 million tonnes per year was commissioned in 1987 at Mangalore for production of high quality blast furnace and direct reduction grade pellets for export.

'Kudremukh' meaning "Horse's face" in Kannada derives its name from the shape of the highest peak obtaining in the Aroli-Gangamula range of the western ghats. The deposits, principally magnetite, were discovered in 1913 by the late Dr.P.Sampath Iyengar, a geologist of the Mysore state. This deposit was chosen for detailed exploitation by NMDC in early 1965 because of its proximity to the port of Mangalore.

Location:

Kudremukh iron ore deposits are located 110 kms east of Mangalore, in Karnataka, on the west coast of India. The project site is well connected by highways with adjoining towns. It is located at a prominent 1882 metre high peak in the western ghats, and lies between the latitudes of 13o 10' and 13o 17' and 75o10' to 75o 20' longitude. The Corporate office is situated at Bangalore.
Ore deposit exploration and reserves:

Kudremukh deposits are known to be one of the largest deposits in the world. In one deposit alone, where the mining is currently carried out, reserves of 700 million tonnes of weathered ore and 450 million tonnes of primary BMQ have been estimated. Besides, there are other deposits in the vicinity with probable reserves of 4000 million tonnes. It is designed to produce 22.6 million tonnes of crude ore per year with a daily production of ROM of 82000 tonnes. The mine is planned for a three-shift operation.

Production and Operation:

Kudremukh produces high grade iron ore concentrate ideal for pelletisation. The entire operation, using the most sophisticated equipment from crushing to ship-loader, including a 67-km long slurry pipeline, is fully automatic and computer-controlled. Computerised mine planning techniques are being used to maintain strict control.

KIOCL is a 100% export oriented company. The company produces two kinds of products, viz., iron ore concentrate and iron oxide pellets. Presently the products are exported to the following countries from time to time.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Product</th>
<th>Exported to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Concentrate</td>
<td>Japan, Australia, Bahrain, Yugoslav, China, Iran &amp; Czechoslovakia.</td>
</tr>
<tr>
<td>2.</td>
<td>Pellets</td>
<td>Hungary, Turkey, Indonesia, West Germany, Czechoslovakia, Yugoslavia, North Korea, Qatar, Australia, Taiwan, Malaysia, Iraq &amp; Bahrain.</td>
</tr>
</tbody>
</table>

**Organisation and Management:**

KIOCL is a Government of India enterprise formed on the lines of a joint stock company. It is owned and managed by the Central government. The day to day administration is vested in the hand of the Board of Management headed by the Chairman-cum-Managing Director, who is at the registered office of KIOCL, Bangalore. The organisation chart of the company is given on next page.

**Human Resources and Industrial Relations:**

The company regards and treats its employees as its most important asset and infrastructure. It constantly trains and expose the work force to better work methods and culture, improving their quality of life to reflect it in the quality of its products and services. The total manpower as on 1.1.93 was 1719, of whom 263 were executives. The company maintains very cordial industrial relations.
CMD = Chairman and Managing Director
RO = Registered Office
AGM = Additional General Manager

Source: Write up on KIOCL
Township administration:

A comprehensive cover including self-contained townships at both Kudremukh and Mangalore, with modern amenities like schools, hospitals, sports and recreation councils, ensuring quality of life are provided. The township contains marketing facilities, places of worship religious organisations banks etc.

Financial Performance:

The following table illustrates the financial performance of KIOCL.

Table 3.3: Financial performance of KIOCL quantity.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity in '000 Tons (Rs. in lakhs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentrate</td>
<td>5010</td>
<td>5875</td>
<td>6006</td>
<td>5389</td>
</tr>
<tr>
<td>Pellets</td>
<td>1410</td>
<td>2133</td>
<td>1919</td>
<td>1975</td>
</tr>
<tr>
<td>2. Exports (Quantity)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentrate</td>
<td>3355</td>
<td>3916</td>
<td>3906</td>
<td>3410</td>
</tr>
<tr>
<td>Pellets</td>
<td>1375</td>
<td>2152</td>
<td>1836</td>
<td>1946</td>
</tr>
<tr>
<td>3. Export Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in US $ million)</td>
<td>101.01</td>
<td>126.43</td>
<td>111.47</td>
<td>100.19</td>
</tr>
<tr>
<td>4. Total sales</td>
<td>31390</td>
<td>39281</td>
<td>22898</td>
<td>17440</td>
</tr>
<tr>
<td>5. Net profit</td>
<td>10015</td>
<td>14027</td>
<td>6305</td>
<td>2495</td>
</tr>
<tr>
<td>6. Paid-up capital</td>
<td>63451</td>
<td>63451</td>
<td>63451</td>
<td>63451</td>
</tr>
<tr>
<td>7. No.of employees (Total)</td>
<td>2377</td>
<td>2323</td>
<td>2249</td>
<td>2249</td>
</tr>
</tbody>
</table>

KIOCL is a Prize company:

Accolades earned by Kudremukh are many:

KIOCL is a recipient of a STAR TRADING HOUSE - a status conferred upon it by the Government of India for outstanding export performance and for supply of quality iron ore concentrate and pellets. Among the prizes awarded to KIOCL are the special CAPEXIL Award continuously for 3 years and the Indira Gandhi Memorial National Award for the best Public Sector undertaking in India. It's CMD received the excellent chief executive award from Andhra Pradesh public sector employees federation under the banner of 2nd Rajiv Gandhi Memorial National Awards for excellence in Indian Industries in 1993. Kudremukh has received dozens of safety awards and excellent workman award for its employees. In 1991-92 KIOCL was awarded a Certificate of Export Recognition by the Export Promotion Council for outstanding export performance. KIOCL's share of India's export of iron ore was 17.5%.

(Source: Notice Board, KIOCL).

Future plans of the company:

The company has undertaken quality improvement programme to meet the international market requirement and also to augment its concentrator plant production capacity to 8.0 million tonnes per year and that of the pellet capacity to 3.3
million tonnes per year. It is also planning to set up a sponge iron plant at Mangalore.

4. Visvesvaraya Iron and Steel Limited (VISL) - A Subsidiary of Steel Authority of India Ltd. (SAIL) Bhadravati.

Brief History:

Visvesvaraya Iron and Steel Limited (VISL), formerly known as the Mysore Iron & Steel Limited (MISL), was founded over 70 years ago by Bharath Ratna Sir M. Visvesvaraya, who envisioned Bhadravati's rich potential for a self-contained steel complex. Utilising the surrounding natural resources, VISL commenced production as one of the first iron smelting plants in the whole of the Indian sub-continent. Today, the company ranks as India's leading producer of alloy and special steels.

The vision and foresight of the late Sir M. Visvesvaraya, the then Dewan of Mysore, resulted in the setting up of "Mysore Wood Distillation and Iron works" in 1918. The plant commenced its pig iron production in India's first charcoal blast furnace in 1923 to produce 60 tonnes of pig iron per day. A pipe plant was installed in 1927 to make profitable use of the pig iron produced. Mild steel production was
started in 1936 and in the same year the name of the works was changed to "Mysore Iron and Steel works". Production of Ferro-alloys was begun in 1942. It became a limited company in 1962. As a tribute to its illustrious founder, the company was renamed as "Visvesvaraya Iron & Steel Limited (VISL)" on February 16, 1976. Subsequently a modern forge plant was established in 1977 to produce high alloy steel like high speed steel, die block steel and valve steel etc. There have been a number of such mile stones in the history of VISL. VISL is getting expanded and modernised.

But the early 80's heralded the beginning of the slide down of VISL as a profitable unit. Problems such as a sluggish market, power shortage, overstaffing, etc, led the company to incur losses continuously since 1982 and this loss accumulated to Rs. 33.76 crores in 1984-85. As a result of discussions between the Government of India and Karnataka, the VISL was taken over by Steel Authority of India (SAIL) on 1st August, 1989, as one of its subsidiaries. SAIL has 60% equity participation in VISL, the rest is contributed by the Government of Karnataka. Immediately after the takeover, the managements of SAIL and VISL embarked upon a strategy to reviving the plant in the quickest possible time.
Location:

VISL is located at 'Bhadravati' a small town which is 260 kms north-west of Bangalore city in the state of Karnataka. The plant is situated on the banks of the river Bhadra, covering an area of about 3.8 square kilometers.

Products manufactured:

VISL manufactures the following products.

1) Alloy & Special Steels,
2) Forged products,
3) Rolled products, and
4) Other products such as ferro alloys, pig iron, Tor steels, mild steel, refractories etc.

VISL manufactures 700 grades of alloy and special steels to meet the specific requirements of individual customers.

VISL today is one of the premier alloy and special steel producers in the country and the only one to have integrated production facilities starting with basic raw materials such as iron ore, limestone etc. It, therefore, can truly be termed as a "Metallurgists' Paradise".

Township & other facilities:

As a part of the welfare measures, the company has built up residential houses, schools and colleges, recreation
facilities, hospitals, community centre, stadium etc. The welfare of the employees is given due importance and the industrial canteen with a central dining hall is amongst the best in the industry. The township has a Kalamandir, a Ladies club and a Gents Club which provide cultural and social entertainment for the residents of the steel town. The steel town covers an area of 4.5 Square kilometers.

Human Resources and Industrial Relations:

Human Resources Development (HRD) is being given proper thrust at VISL through need-based training and retraining befitting Human Resource Management. HRD covers the training of new entrants, skill development, multi-skill and retraining etc. Apart from these, the executives are getting training abroad for technology upgradation in various areas. The total number of employees in the works in VISL was about 6326 on 1.4.94. VISL has undertaken necessary steps towards afforestation and mitigate environmental pollution at Bhadravati and also at mines to maintain ecological balance. The industry has maintained happy and cordial labour management relations.
Financial Performance:

The financial performance of VISL for the years 1992-93 and 1993-94 is depicted in the following table:

Table 3.4: Financial Performance of VISL:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Share capital (Rs. in lakhs)</td>
<td>8191.69</td>
<td>12691.69</td>
</tr>
<tr>
<td>2</td>
<td>Loan funds (Rs. in lakhs)</td>
<td>11493.29</td>
<td>17219.57</td>
</tr>
<tr>
<td></td>
<td>(secured and unsecured)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Fixed assets (Rs. in lakhs)</td>
<td>3769.51</td>
<td>3970.24</td>
</tr>
<tr>
<td></td>
<td>(after depreciation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Profit &amp; loss A/C (Loss)</td>
<td>6630.20</td>
<td>8450.81</td>
</tr>
<tr>
<td></td>
<td>(Rs. in lakhs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Salaries, wages &amp; bonus</td>
<td>3083.19</td>
<td>3202.34</td>
</tr>
<tr>
<td></td>
<td>(Rs. in lakhs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Production of special steel (in tonnes)</td>
<td>45656</td>
<td>54714</td>
</tr>
<tr>
<td>7</td>
<td>Sales (Rs. in lakhs)</td>
<td>10579.28</td>
<td>11732.32</td>
</tr>
<tr>
<td>8</td>
<td>Total (Rs. in lakhs) income</td>
<td>22946.03</td>
<td>23532.90</td>
</tr>
</tbody>
</table>


Organisation and Management:

VISL came into being as a joint stock company duly registered under the Indian Companies Act, 1956. Its major shareholder, at present, is the Government of India (SAIL).
which holds 60% equity share capital, the rest being contributed by the Government of Karnataka.

The day-to-day administration is entrusted to the Board of Directors and the Chairman. The organisational hierarchy is depicted in the following chart.

Future plans of the company:

VISL is getting expanded and modernised. The capacities of the plant will be increased to 125000 liquid steel and 70000 tonnes of pig iron. Two ferro-silicon furnaces are getting modernised through M/s. Elkem Technology Norway/India. Further, the expansion of the plant is also envisaged during the 9th and 10th Five Year Plans.
3.4 Organisation Chart of VISL

Source: VISL processes and plants, Hand book.
B. Performance Appraisal Practice:

(i) Performance Appraisal at work in NMDC, DIOM:

The System:

DIOM follows the conventional method of appraisal which is trait or attribute-oriented and not performance oriented. It is known as 'Annual Confidential Report' and marked 'confidential'. However, the guidelines issued to assessors (Supervisors) by NMDC contain that the appraisees should be compared with others while appraisal is carried on. Since long the existing system has been in operation and the company, of late, has realised the need for changing the system. Under this system, the executives are assessed on the basis of characteristics or managerial tasks and personal traits. The system also has incorporated development review in terms of knowledge and performance.

The Forms:

The company is using at present two types of appraisal formats, one for executives (Junior and Middle) in the pay scale of 650-1700 and another for executives in the pay scale of 1500-2000 and above (Heads and above). The form for junior and middle executives contain the bio-data of the appraisee, (employee) brief description of the jobs assigned, and other traits concerning the responsibilities, activities.
characteristics. On the other, the forms for appraising the heads of departments contain the bio-data, brief description of jobs assigned, responsibilities, duties, managerial tasks (Part A-1), personal traits (Part A-2), development review (Part-B) and lastly performance appraisal (Part-C). The form designed is very exhaustive for executives at a higher level (See Annexure-2A).

The Criteria and rating scale:

Since appraisal is called ACR, it has given more weightage to the attributes/criteria/factors rather than performance dimensions. The different criteria used by the company for appraising executives is as under: (For details please see Annexure-2A).

a) Appraising junior and middle executives (Rs.650-1700): Criteria

1) Physical fitness
2) Professional competence and knowledge
3) Quantity and quality of work against objectives/targets
4) Character and leadership
5) Decision making
6) Knowledge of company's policies and procedures
7) Cost and profit consciousness
8) Honesty and integrity
b) **Appraising heads of the Department and above : Criteria**

(1500-2000 & above)

The criteria are in the form of statements in this case. The statements are related to company's policies and procedures, follow-up, decision making, planning and initiative, subordinate development, cooperation, problem-solving, cost consciousness, coordination, human relations, and other personal traits. There is a development review in part B, which considers assigned duties, achievements, current trends and development.

With regard to rating scale for junior and middle executives at present, for most of the traits the company has a four-point rating scale viz., 3-excellent, 2-good, 1-average and 0-poor. But executives at senior level are evaluated on a three point rating scale, viz 3-good, 2-satisfactory and 1-poor. The altitudes of the executives are assessed keeping the scale in view.

**The appraiser/assessor :**

The executives are appraised by their immediate superior who is called 'Reporting Officer'. The reporting officer (superior) is responsible initially for evaluation of his subordinate, who is reporting to him. Based on the criteria
the appraiser ticks the appropriate rating in the proforma. The overall rating is done by the reporting officer in case of executives at senior levels.

The Periodicity:

The appraisals are done by the company once a year, i.e. from 1st April to 31st March. In a way they are very infrequent and there is no review in the middle of the year.

The procedure:

The appraisal starts from the personnel department's supplying the blank forms to be filled up by the reporting officers. The specific forms are filled up by the appraisers keeping in view the guidelines given by the company. The appraisees are evaluated on the basis of the traits, tasks, as the case may be, on four/three point rating scale. He ticks the appropriate number in the rating scale against the given trait/factor. In case of the heads and above, the forms are a little more elaborate and to be rated on 3-point scale. The reporting officer makes comments on the extreme scores (3 or 1). Later on, the merit rating done by the reporting officer is sent for comments and counter signature to the Reviewing Officer (superior's superior), generally the head of the department concerned. But in case of senior executives the
remarks are made by the reviewing authority against the rating given by the reporting officer. After this assessment the filled up forms are returned to the personnel department for filing and record. No feedback is given by the personnel department unless the appraisal is unfavourable.

The ACR's, prepared by the appraisers and preserved in the personnel department, are used at the time of promoting the executives. If one has to be promoted, his ACR should be favourable at least for the preceding three years. This amply demonstrates that appraisals are used only at the time of promotions.


The System:

The PAS introduced by TSP has been in operation for four years and it is known as "Executive Annual Performance Appraisal" (EAPA). This includes self-appraisal by the subordinate/executive on the basis of achievements, strengths and weaknesses. The performance under this system is assessed by taking into consideration the task assigned or target set and the achievement made by the executive. In other words,
the system takes into account present performance at the job he is holding and managerial traits. EAPA measures the performance of employees on a 5-point scale. Of course, the system seems to have not given any importance to feedback except when unfavourable ratings are communicated to the appraisees. But the EAPA has provided for counselling to the ratees if adverse remarks are passed by the appraiser. The system is expected to identify the executive's growth potential for taking up higher responsibility. Last but not the least, EAPA has issued very clear guidelines to appraisers to important the appraisal process.

The Forms:

The form designed by the company for appraising executive performance consists of four parts:

Part I - Self-appraisal: to be done by the appraisee to analyse and project one's achievements, shortcomings and development needs.

Part II - Performance in present job: based on results achieved and gaps in performance. This is done by the appraiser.

Part III - Personal Traits and Potential: to be judged in the context of job needs, present and future.
Part IV - Overall assessment: to be graded, based on his performance in the present job, his traits and potential.

Besides the above, the format for EAPA also incorporates the advantages, salient features, method of assessment and also the personal data of the executives. The company uses separate forms for appraising the probationers (See Annexure-4A).

The Criteria and rating:

In order to assess the performance of the executives, the EAPA considers the following personal traits and potential as included in Part-III.

They are:

- Professional knowledge and skill
- Planning and organisation
- Leadership, coordination
- Decision-making
- Dependability
- Cost consciousness
- Loyalty
- Integrity

Under EAPA, the company follows a five-point rating scale, viz.,

- A - Outstanding
- B+ - Very good
.B - Good
.C - Average
.D - Unsatisfactory

In case of 'D' rating, the concerned employee will be informed in writing. Accordingly the appraiser has to give reasons in case of 'A' and 'B' ratings. The ratings are briefly defined in EAPA.

The appraiser:

The appraiser under this system is the Reporting Officer (Section Head) initially and subsequently the appraisal is done by Reviewing and Accepting Officers also.

The Periodicity:

The period of appraisal is generally one year, i.e., the financial year, from 1st April to 31st March. There is no mid-review or a six-months appraisal.

The procedure:

The EAPA followed by TSPL is based on a three-tier system, i.e., the appraisal is done by Reporting, Reviewing and Accepting Officers. The personnel department of the company distributes the blank proformas to all the departments well in time for appraisal of the subordinates. The section
head, who is the Reporting Officer, with necessary guidelines passes it on to the appraisee (subordinate) for making self appraisal (part-I). After the receipt of the form duly filled up by the appraisee, the reporting officer completes part-II (assessment of performance) and part-III (Personal traits and potential). The Reporting Officer has to indicate the major achievements made by the appraisee along with the gaps or short falls in performance subject to Reviewing Officer's comments (Part-II). In part-III both the Reporting and Reviewing Officers evaluate performance of the executives in terms of personal traits and potential on a 5-point scale. (A, B+, B, C & D). Part-IV deals with the over-all rating to be given by the Reporting Officer, Reviewing Officer and Accepting Officer. It is necessary that the 'A' and 'D' ratings given by all officers should be supported by reasons. With the communication of the adverse remarks (D) to the executives who have received, the performance appraisal cycle completes its process. The appraisal records are then sent to the personnel department for filing and reference. At the time of promotions, the appraisals are considered by the Departmental Promotion Committee (DPC).

The system:

The PAS was introduced in this company in 1989 and it is known as "Executive Annual Performance Appraisal System" (EAPAS). The system came into being with specific objectives such as:

- evaluating employee's performance on the job,
- assessing training needs,
- identifying strengths and weaknesses, and
- estimating the employee's potential.

Under this system, the appraisal is divided into two parts viz., self-appraisal and performance appraisal.

The Forms:

Under EAPAS, two types of formats have been used, one for the permanent staff and the other for probationers. The appraisal form for permanent staff, contains the employee's (appraisee) details such as name, designation, department, date of birth etc., self appraisal, performance appraisal, integrity, final assessment and development plan etc. These forms are filled up by the appraisee, Reporting Officer and Reviewing Officer (See Annexure-3A).
The criteria and the rating scale:

The executive appraisal is done on the basis of various criteria laid down in part-II(B). The criteria evolved includes job knowledge, skills and abilities, quality of output, decision making, cost consciousness, leadership qualities etc. The weightage is given to these criteria on the basis of importance. The criterion of 'integrity' has been separately dealt with under part_III.

As regards rating of performance, the system follows a five-point rating scale, viz.,

. (A+) outstanding,
. (A) very good,
. (B) good,
. (C) average and
. (D) poor.

This grading is also based on total credit points assigned by the Reporting and Reviewing Officers to the appraisee.

The Appraiser:

Every executive is assessed by his immediate superior known as 'Reporting Officer' and subsequently by the reviewing Officer also.
The Periodicity:

The appraisal under this system is done once a year i.e., at the end of December. The appraisal year is the calendar year, i.e. January to December. There is no mid-review of performance of executives under this system.

The Working of EAPAS:

The process of EAPAS begins with the distribution of blank PA forms by the personnel department to the various departments. On the receipt of these forms by the Heads of the Departments, they are then distributed to the appraisees/subordinates for writing self-appraisal (Part-IA). The employee details are filled by the personnel department but the self appraisal is written up by the subordinate. Self-appraisal includes major tasks performed, constraints faced and suggestions to be made to overcome the constraints.

Part-IIB consists of performance appraisal which is to be done by the reporting officer (immediate superior) and also by the reviewing officer (superior's superior). After final grading the appraisal reports are countersigned by the General Manager. The appraisals are taken in December / January every year. The criteria are assigned fixed weightage points and they are multiplied by rating factor in order to obtain the
total credit points. This decides the final rating. The details are laid down in Annexure-3A. If an appraisee scores 81 and above points he is rated as outstanding (A+) and for less than 21 credit points he is assigned the rating of "Poor", (D). The EAPAS has provided scope for "Development plan" to be prepared by both the Reporting and Reviewing Officers.

It should be noted that the appraisals are made in accordance with the guidelines given to the reporting and reviewing officers. The appraisal reports are maintained as "strictly confidential" and only the "adverse remarks" are communicated to the appraisee.

IV) Performance Appraisal at work in VISL :

The system:

The PAS introduced in VISL by its holding company SAIL is known as "Executive Performance Appraisal System" (EPAS) and it is based on self-appraisal and Management By Objectives (MBO). The EPAS was introduced in the year 1991-92 and covers E-1 to E-9 categories of Executives. The objectives of EPAS are:

a) to integrate the company and individual goals,
b) to increase awareness of targets/tasks and the responsibility,
c) to ensure an objective assessment of performance and potential,

d) to facilitate the process of executive development through performance planning, self-review, performance analysis etc. and so on.

The appraisal system has laid down very clearly the process, policy and guidelines to carry out the system effectively. One of the notable features of this system is the review of performance in the middle of the year.

The Forms:

The appraisal system has provided separate forms for appraising executives of E-1 to E-4 and E-5 and above i.e. upto E-9. E-1 (Executive category-1) refers to Junior Manager level and E-9, Executive Director, who is the highest authority as far as VISL plant level is concerned. (See Annexure-5A).

The appraisal forms for executive level, E-1 to E-4 consist of bio-data of the executive, self-appraisal and performance review and planning (Part A and B), performance assessment (Part C) on the basis of performance and potential factors, development plan (Part D), and lastly the final assessment (Part E). In the final assessment, total factor
score, primary grading and final grading are made by the reporting and reviewing officers. The comments on promotability of the executives is written up by the Performance Review Committee (PRC). On the other, the appraisal forms for executives of the level E-5 and above slightly differ in respect of performance and potential factors as embodied in part-C.

Criteria and rating scale:

The EPAS has very carefully evolved the various criteria for appraising the performance of executives. The various factors have been divided into two, viz., performance factors and potential factors. Under 'performance factors', the traits like quantity and quality of output, cost control, team spirit, discipline etc are shown. Factors like sense of responsibility, planning and organising, communication, problem solving etc. are included under 'potential factors'. There is a change in the criteria evolved depending upon the level of executives. EPAS has assigned fixed weights to the various factors on the basis of their importance.

Under the existing appraisal system, there is a five-point rating scale (5-1) for assessing performance which is well defined in Annexure-III of the guidelines issued by the...
company. But the final assessment should be decided on the basis of factor score (weight x rating). The reporting officer has to classify his appraisees into four grades by considering the sum total of the factor score, viz.,

84 and above - 'O',
68 to 73    - 'A',
52 to 67    - 'B'
20 to 51    - 'C'

The appraiser:

The appraisal of executive performance is done by both the reporting and reviewing officer and sometimes even by the reporting officer (O). The appraiser is the immediate superior and superior's superior, generally HOD, will review the performance of the subordinate (appraisee).

Periodicity:

In VISL, the appraisals are usually done once a year, i.e., in April. The appraisal year in this case is from 1st April to 31st March every year. However, there is a mid-term performance review and planning during October. There will be an Annual Performance Review and Planning during April.
The Mechanics of EPAS:

The process of EPAS includes the following steps.

a) Self appraisal,
b) Performance review and planning,
c) Performance assessment,
d) Development plan,
e) Evaluation and final grading.

For carrying out Self-Appraisal (SA) the targets/tasks indicating a few Key Performance Areas (KPAs) are set for each appraisee in consultation with the former. The SA form will be filled up by the appraisee twice a year, in October and then in April. This will contain appraisal of performance by self against tasks/targets set. The constraints faced, facilitating resources and suggestions for improvement are mentioned in SA.

After the SA, Performance Review and Planning (PRP) will be held twice a year between the Appraisee and the Appraiser (reporting officer) in October and April. In PRP session, the reporting officer and the appraisee will discuss the extent of tasks/targets fulfilled, major strengths of the appraisee, developmental needs and suggestions for improvement.
The performance assessment is done by the reporting officer on a 5-point rating scale which is based on performance and potential factors. Each factor will carry a weight depending upon its importance and rating scale is also defined. The reporting officer has to indicate the total factor score for the purpose of final grading. The reporting officer should differentiate between performance levels of appraisees and follow distribution pattern in order of merit as:

- O - 10%
- A - 20%
- B - 45% and
- C - 25%

It is then sent to the reviewing officer and reporting officer (O) for assessment. Both the reporting and reviewing officers prepare a summary sheet indicating the factor scores of the appraisees assessed by him.

Personnel Department which has initially supplied appraisal forms and filled in the bio-data of the appraisee will now take up the work of 'primary grading'. This will be calculated by giving 50% weightage to the score given by the reporting officer and 50% to that of the reviewing officer. The total executives of the appraisal group are listed in
descending order based on average appraisal score, i.e., first 10% in 'O', next 20% as 'A', the next 45% as 'B' and last 25% as 'C'. This is known as 'primary grading'. Final assessment will be done by 'Performance Review Committee' consisting of the head of the department and other members. The PRC will receive factor scores, average factor score, and primary grading of each appraisee from the personnel department and will decide the final gradings. The decision of the PRC is final.

The training needs of the appraisee will be indicated by the reporting and reviewing officers. The personnel/training department will utilise the training needs sheet to develop suitable training plans for the appraisees.