CHAPTER 1

INTRODUCTION

An organisation's success is determined by the skills and motivation of the employees. Competent employees are the greatest assets of any organisation. Given the opportunities and by providing the right type of climate in an organization, individuals can be helped to give full contribution to their potentials to achieve the goals of the organization, and thereby to ensure optimization of human resources.

1.1. BACKGROUND

The success and effectiveness of any country depend to a large extent upon capability, competence, efficiency, and developed human resources, who are the active agents, who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward corporate organizational and national development. Corporate development and organizational restructuring are designed to increase the efficiency and effectiveness of personnel through significant changes in the organizational structure. Corporate development depends on the speed of the organizational behaviour which is affected by the behaviour of every employee and their groups and structure. Organizational restructuring in its true sense needs to put the people into their new roles which would impose new responsibilities and relationships on them, leading to new attitudes and behaviours to emerge. The whole concept of behavioural pattern of people within the organization forms an organizational climate. Organizational climate consists of a system of shared actions, values and beliefs that develop within an organization and guide the behaviour of individuals.
Two most important survival questions deserve serious consideration today:

(1) the question of external adaptation; what precisely needs to be accomplished and how it can be done

(2) the question of internal integration; how members solve their daily problems associated with living and working together

Answers to both the questions lie in effective management of human resources and good governance at every level. Effective management of human resource is the key strategic issue for organization to face challenges of competition. Human Capital is an ongoing area of investment. As a matter of fact, no organization can assemble growth, potentialities and capabilities of its manpower overnight. People with energy and capability, such as knowledge, skills, attitude, aptitude, experience, motivation, physical and intellectual strength, and potential for growth are not readily available. Hence every organization needs to develop its human resources over a period of time. If they are not readily available in an open market, the only option left to the organisation is to develop them (Mufeed S.A. 2006). In this context human resource development (HRD) is the most versatile area of management wherein researchers, training and development professionals, economists, politicians, chief executives and line managers within industrial organizations relate any management issue with overall HRD problem.

Development experiences of the USA, Japan and Germany affirm that capital and material resources alone do not bring about development; genuine progress ultimately emerges from true development of human resources. ‘Better people’ not merely better technology is the surest way to a ‘better society’ is the most popular belief in Japan. Progressive organizations worldwide have treated their people as their most important asset and so they reached such heights. According to Mufeed and Rao Srinivasan A. (2003), today’s business organizations live in an age
of paradoxes fraught with uncertainties, complexities and chaos due to which survival has become very difficult. Therefore they turned to new strategies for HRD for both managerial and non-managerial staff to combat with an ever increasing competitiveness to maintain a high level of efficiency and productivity in their workforce. A slight carelessness in managing manpower makes them less productive first, then zero productive and then counterproductive, by instigating others also not to work or produce. Thus, a careless handling turns the performing human resource or asset into a non-performing asset first and a “counterproductive” liability later. This sensitive and qualitative effect and its larger bearing on the quality of services in industries, needs to be carefully remembered by the authorities who manage manpower in industry at organizational as well as governmental levels.

Competitiveness of nations and enterprises will be on an international basis. World-wide competition has increased and as a result the pace of economic change has accelerated and the process of development has become less predictable. Competitiveness will be decided on a country's or an enterprise's capacity to add value to global economic products, services and processes (Reich R.B. 1991). A key contributor in this regard is the knowledge and skills of the workforce. In fact, education and skills of the workforce will be the key competitive weapon for the rest of the 1990s as well as for the 21st century (Thurow.L, 1992). Thus compared to the past, enterprises will need to update much more regularly the skills mix of their employees to response to the opportunities or threats created by globalization and rapid technological change (Mufti. A.G. 1980). Indeed intense global competition is reconfiguring the market place. Enterprises have to compete increasingly by differentiating themselves from their competitors by the quality of the human systems and processes behind their products and services. The attitudes, knowledge and skills of the workforce of the enterprise and its contractors and
suppliers will determine the quality of the human system and the processes behind its products and services (Meister J.C, 1994).

1.2 PUBLIC ENTERPRISES

The goals which the public enterprises are expected to achieve are many and varied. Not all of them are clear cut, precise and tangible. Often these may be inconsistent with their commercial viability. The rapid growth of public enterprises has given rise to a number of controversial issues like their role in economic development, forms of organization, financing governing boards, ministerial control, public accountability, efficiency, management, goals and measurement, personnel management, financial management, materials management, industrial relations, employee motivation, workers’ participation in management, joint sector undertakings, etc.

1.2.1 Public Enterprises: International Scenario

In socialist countries, public enterprises were the result of an ideological commitment to liquidate capitalist system and private enterprise. In the most developing nations, on the other hand, public enterprises were created in the Post World War II period as a matter of sheer economic necessity rather than of any ideological commitment. Public enterprises occupy an important role in the national economies of most of the countries of the world, especially in developing countries.

The Public Sector emerged as the driver of economic growth consequent on the industrial revolution in Europe. With the advent of globalization, the public sector faced new challenges in the developed economies. No longer the public sector had the privilege of operating in a sellers’ market and had to face competition both from domestic and international competitors. Further, in the second
half of the 20th century in developed economies, political opinion started swinging towards the views that the intervention as well as investment by the Government in commercial activities should be reduced to the extent possible.

Many eminent economists argued that the Government must not venture into those areas, where the private sector could undertake the job efficiently. Lot of emphasis was laid on market driven economies, rather than state controlled and administered economies. The collapse of socialist economy of the Soviet block convinced the policy planners, around the world, that role of the state should be that of a facilitator and regulator rather than the producer and manager. It may be worth mentioning that, in various countries, the turn towards liberalism including deregulation and decontrol also led to discontent amongst some sections of population as its benefit did not flow down to the weaker and disadvantaged sections of the society.

Today, both the Public Sector and the Private Sector have become an integral part of the economy. There may not be much difference in the working of these sectors in advanced countries, but in the developing countries, the performance of Public Sector has considerable scope for improvement. It is also observed that pay packages are almost similar in both sectors in developed countries, but large differences exist in remuneration in the two sectors in developing countries, like ours.

1.2.2 Role of Public Sector in India – General perspective

Prior to Independence, there were only a few ‘Public Sector’ Enterprises in the country. These included the Railways, the Posts and Telegraphs, the Port Trusts, the Ordnance Factories, All India Radio, the few enterprises like the Government Salt Factories, Quinine Factories, etc. which were departmentally managed.
Independent India adopted planned economic development policies in a democratic, federal polity. The country was facing problems like inequalities in income and low levels of employment, regional imbalances in economic development and lack of trained manpower. India at that time was predominantly an agrarian economy with a weak industrial base, low level of savings, inadequate investments and infrastructure facilities. In view of this type of socio-economic set up, our visionary leaders drew up a roadmap for the development of Public Sector as an instrument for self-reliant economic growth. This guiding factor led to the passage of Industrial Policy Resolution of 1948 and followed by Industrial Policy Resolution of 1956. The 1948 Resolution envisaged development of core sectors through the public enterprises. Public Sector would correct the regional imbalances and create employment. Industrial Policy Resolution of 1948 laid emphasis on the expansion of production, both agricultural and industrial; and in particular on the production of capital equipment and goods satisfying the basic needs of the people, and of commodities the export of which would increase earnings of foreign exchange. All further industrial development evolved from this industrial base. The primary objective of these industries was outlined in the National policy as well. It was to “bring about socio-economic growth to the masses” (Patil S.M. & Dr. Raj K. Nigam, 1984) and thereby help eradicate poverty, improve quality of life, promote social security, etc.

In the early years of independence, capital was scarce and the base of entrepreneurship was also not strong enough. Hence, the 1956 Industrial Policy Resolution gave primacy to the role of the State which was directly responsible for industrial development. Consequently the planning process (5 year Plans) was initiated taking into account the needs of the country. The new strategies for the public sector were later outlined in the policy statements in the years 1973, 1977,
1980 and 1991. The year 1991 can be termed as the watershed year, heralding liberalisation of the Indian economy.

The public sector provided the required thrust to the economy and developed and nurtured human resources, the vital ingredient for success of any enterprise; public or private. Most of the public commercial undertakings were then deliberately created as part of the industrialization programme. This applies to steel, heavy engineering, and chemicals. Except in a few sectors like, coal mining, state control over the commanding heights of the economy has not been achieved by nationalization. The public sector undertakings, however, have been rescued by the government from financial difficulties in order to protect the employment of hundreds and thousands of people.

Since independence, the public enterprises in India have been making a tremendous forward surge. The public sector which accounted for just about 3% of the total productive capital employed in organised industry in 1957, now accounts for about half of the total investment in the entire field of organised industry. Besides, the position it occupies in the context of national economy as a whole, is of strategic importance. It is sufficiently realised that the areas where public enterprises operate are so crucial and significant that the very course of the economy, to a great extent, will be determined by the way the enterprises are operated. The arteries and veins of the economy as also its foundations - the infrastructure - are being provided by the network of public sector enterprises.

The Government of India, as part of its national agenda to promote growth, increase in efficiency and international competitiveness, has been continuously framing policies for industrial growth, fiscal, trade and foreign investment to achieve overall socio-economic development of the country. As a result of exceptionally severe balance of payments and fiscal crisis in the year 1991,
the government decided to shift to a liberalized economy with greater reliance upon market forces, a larger role for the private sector including foreign direct investment.

The Government realized that a strong and growth oriented nation could be built if India grows as part of the world economy and not in isolation. Thus, liberalising and deregulatory steps were initiated from the year 1991 onwards, which aimed at supporting growth and integration with the global economy. Since then, the thrust of the New Economic Policy has been on progressive reforms such as reduction in the scope of industrial licensing, reforms in the Monopolies and Restrictive Trade Practices (MRTP) Act, reduction of areas reserved exclusively for public sector, disinvestment of equity of selected public sector enterprises (PSEs), enhancing limits of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, rationalization and reduction of customs and excise duties and personal and corporate income taxes, promoting FDI, investments from Non-Resident Indians, extension of the scope of CENVAT, implementing the VAT regime in the states, taking steps to switch over to goods and services tax system w.e.f. 01.04.2010, e-governance and simplification of various procedures, rules and regulations etc.

Since the setting up of World Trade Organization (WTO) in the year 1995, as an apex body at the international level, to which India is a signatory, the world trade has definitely grown thereby giving indications that international trade reforms do play an important role in boosting economic development of various countries.

Industrial policy has seen a sea change with most Central Government industrial controls being liquidated. The Central Public Sector Enterprises (CPSEs) were classified into ‘strategic’ and ‘non-strategic’. Strategic CPSEs were identified in the areas of (a) Arms and Ammunition and the allied items
of defence equipment, Defence air-crafts and warships; (b) Atomic Energy (except in the areas related to the operation of nuclear power and applications of radiation and radio-isotopes to agriculture, medicine and non-strategic industries); and (c) Railway transport. All other CPSEs were considered as non-strategic. Further, Industrial licensing by the Central Government has been almost abolished except for a few hazardous and environmentally sensitive industries.

The main elements of the present Central Government policy towards Public Sector enterprises as contained in the National Common Minimum Programme (NCMP) are reproduced below:

i) To devolve full managerial and commercial autonomy to successful, profit making companies operating in a competitive environment

ii) Generally, profit-making companies will not be privatized

iii) Every effort will be made to modernize and restructure sick public sector companies and revive sick industry

iv) Chronically loss making companies will either be sold off, or closed, after all workers have got their legitimate dues and compensation

v) Private industry will be inducted to turn-around companies that have potential for revival

vi) Privatization revenues will be used for designated social sector schemes

vii) Public sector companies and nationalized banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors

The Government has made a clear commitment to empowering the CPSEs and their managements. It was recognised that public enterprises could not compete effectively with private entrepreneurs without freedom to function and operate commercially. Thus, the concept of Navratna and Mini-Ratna was introduced with greater delegated authority, both financial and managerial. Government has
realized that ‘Navratnas’, ‘Mini-ratnas’ and other CPSEs are required to grow and deliver on the promises they have made to their stakeholders. Other reforms have also been announced, such as professionalization of the Boards of Directors of public sector enterprises and evaluation of performance of CPSEs through Memorandum of Understanding (MoU). An overview of performance of Central Public Sector Enterprises for the last 10 years (2000-01 to 2009-10) is given as Annexure – B.

The public sector industry in India consists of more than 234 enterprises with a total employment of more than 2.6 million people, out of a total labour force in the industry sector of some 8.5 million people during the year 2000-01 (Aggarwal.R.C. 2001). While there were only 5 Central Public Sector Enterprises (CPSEs) with a total investment of Rs.29 crore on the eve of the First Five Year Plan, there were 249 CPSEs (excluding 7 Insurance Companies) as on 31st March, 2010 with a total investment of Rs.579920 crore. (“Performance Overview 2009-10”, Public Enterprises Survey 2009-2010, Vol. -1).

Table 1.1: Employment and Average Annual Emoluments in CPSEs

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Employees (in lakhs)</th>
<th>Average Annual per capita emoluments (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>17.62</td>
<td>248481</td>
</tr>
<tr>
<td>2004-05</td>
<td>17.00</td>
<td>286112</td>
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<tr>
<td>2005-06</td>
<td>16.49</td>
<td>284123</td>
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<tr>
<td>2006-07</td>
<td>16.14</td>
<td>398496</td>
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<tr>
<td>2007-08</td>
<td>15.65</td>
<td>410898</td>
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<tr>
<td>2008-09</td>
<td>15.33</td>
<td>541716</td>
</tr>
<tr>
<td>2009-10</td>
<td>14.91</td>
<td>609816</td>
</tr>
</tbody>
</table>

(Source: Public Enterprises Survey 2009-2010, Vol. -1)
The details of employment in CPSEs vis-a-vis per capita emoluments are given in Table 1.1 above. As on 31.3.2010, the 249 CPSEs employed approximately 14.91 lakh people (excluding casual workers). One-fourth of the manpower was in managerial and supervisory cadres. The CPSEs have thus a highly skilled workforce, which is one of their basic strengths. The CPSEs, in turn, provide lifetime employment to their employees.

The public sector enterprises have always been considered as ‘model employers’. They used to recruit the brightest people in a very fair selection process and generally through open competition. The jobs in public sector always used to be the most preferred, by educated middle-class, and the talent was generally given its due respect in the public sector. However, the situation has changed in the last 10 years. Earlier there was little opportunity available for professionals to migrate from one organization to another, but during the last decade ample opportunities have been opened up for them to leave the organization. To add to this, the demand for talent is not confined to any particular sector of industry but the professionals are moving across sectors. As a result, public sector is under huge pressure in terms of attracting and retaining talent.

### 1.2.3 Public Sector Enterprises in Kerala

Public enterprises are expected to serve the aims of public policy. There are three distinct stages in the evolution of public enterprises in Kerala. The first was prior to the World War II. The second started in 1945 and the third stage commenced in 1956. During the first stage, Kerala region was divided into three political units. The Travancore and Cochin were under the princely rule. Malabar formed part of the adjoining Madras Residency and was under British rule. Of the three political units, it was Travancore which registered considerable industrialisation. With the growth of large scale cultivation of commercial crops like rubber, tea, cardamom and pepper in the high ranges of Travancore, roads and road
transport connection to Cochin and Alleppey ports from Munnar-Peerumade range in the eastern hills were developed. These were mere private enterprises. Organisation and management of plantation industries required large amounts of risk, capital and technical skill. The European planters possessed these advantages in contrast to the local entrepreneurs. In this context it may be recalled that Travancore was the first state to nationalise trade in commercial crops in 1750 AD under the rule of Maharaja Marthandavarma (1729-1758) (Travancore State Manual, 1953). But after a hundred years the trade was de-nationalised (Sukumaran Nair V.K and Gangadharan Pillai V, 1980).

The industrial development in the princely states of Travancore and Cochin was not part of any all India effort (Pillai Gangadharan.V, 1980). But early industrialisation in the region was concentrated in the southern parts, where the effects of colonial domination were moderated by the existence of independent princely states.

From 1951 onwards industrial policy in the state was based on the Five year plans of the Government of India. But by the commencement of the First Five year plan, the foundation was already there for the development of state enterprises in Kerala. After the formation of the state of Kerala in 1956 a number of factories were started. The growth of public enterprises was not encouraging during the first two five year plans due to political instability. But there was some drastic change after the Third Five year plan. The early momentum could not carry forward due to paucity of resources. In 1967 the Kerala government issued its first industrial policy statement. The outlay for the industries for the successive plan periods increased considerably. There has been a rapid growth in number as well as investment in the public enterprises in Kerala since seventies with the support of the government. At present the state public enterprises have emerged as a vital instrument of public policy for meeting the development objectives in Kerala.
In 2004-05, majority of the PSUs were making losses. Only 39 out of 104 companies were making profits. These units together made a loss of Rs.208.42 crore. The eight sectors out of 14 were making losses. The loss incurred by all the loss making units during that year was Rs. 498.67 crore. Sector wise analysis show that there was not even a single sector where all the companies had made profit. In the case of public utilities, trading units, electronics, traditional and textile sectors the situation was pathetic. All the nine companies in the electronic sectors and 4 companies in the textile sectors were in loss and during that year the total loss made by these units was Rs. 60.43 crore. ("A Review of Public Enterprises in Kerala" 2004-05)

In 2005-06 also, majority of the PSUs were making losses. Only 32 out of 104 companies were making profits. These units together made a loss of Rs.198.15 crore. The loss incurred by all the loss making units during that year was Rs. 519.44 crore. Sector wise analysis show that there was not even a single sector where all the companies had made profit. In the case of electronics, traditional and textile sectors the situation was pathetic. All the six companies in the electronic sectors were in loss and during that year the total loss made by these units was Rs. 45.71 crore. All the eight companies in the textile sector and five out of six companies in the traditional sector were making losses. These are the areas where the maximum workers are engaged and the indirect employment is the highest. ("A Review of Public Enterprises in Kerala" 2005-06)

From 2006-07 onwards the situation started changing. In 2006-07 there was a considerable leap both in the case of turnover and profit. The total turnover was Rs. 10885.37 crore against Rs. 9282.95 crore in the previous year and the total profit was Rs. 456.06 crore. The number of profit making companies increased to 50. All the companies in Ceramics and Refractories, Developmental and Infrastructure, Electrical Equipment, and Wood and Agro based sectors became

In 2007-08, the number of profit making units was increased to 52 and the total profit was Rs. 796.04 crore. Although there was an increase in turnover to Rs. 11789.94 crore the profit was reduced from the previous year. This was mainly due to reduction of profits in the Chemical and Development and Infrastructure sectors and the increase of losses in the Textiles sector. ("A Review of Public Enterprises in Kerala" 2007-08)

In 2008-09, in spite of global economic recession and corresponding shrink in demand, the companies presented extremely impressive results. By this year the number of PSUs was 84. Out of the 84 companies, 53 companies became profitable. Total turnover was Rs.13669.58 crore and total profit was Rs. 445.88 crore. There was an increase of 16 percent in the turnover and 12.4 percent decrease in profit compared to previous year. Turnover of seven companies crossed Rs. 100 crore, fourteen companies achieved all time high turnover and six companies achieved all time high profits. All sectors, except Textiles and Traditional and Welfare became profitable. In the Traditional and Welfare sector, four out of six companies became profitable. ("A Review of Public Enterprises in Kerala" 2008-09)

In 2009-10, the number of units was 84. Out of the 84 companies, 60 companies became profitable. The total turnover was Rs.14765.09 crore and the total profit was Rs.666.38 crore. The loss incurred by the 21 loss making units was Rs.312.39 crore. Out of these 21 units five were from Public Utilities, four from Development and Infrastructural sector, three each from Plantation and Agro Based Units and Welfare Agencies sector. Three units in the textile sector have become profitable in this year and the loss by the other four units is only Rs. 4.77 crore. There
is an increase of 8.01 percent in turnover and 49.45 percent in profit from the previous year. An amount of Rs. 5229.36 crore was remitted to the exchequer as Commercial Taxes, Excise Duty and Electricity charges. ("A Review of Public Enterprises in Kerala" 2009-10)

An overview of performance of public enterprises in Kerala for the last 10 years (2000-01 to 2009-10) is given as Annexure – C.

1.3. AREA OF STUDY

The area of study covers the Steel based State Level Public Enterprises in Kerala. These are

a) The Metal Industries Ltd., Shornur  
b) Steel Complex Ltd., Faroke, Kozhikode  
c) Steel Industries Kerala Limited, Athani, Thrissur  
d) Steel and Industrial Forgings Ltd., Athani, Thrissur and  
e) Autokast Ltd., Cherthala, Alappuzha.

Scooters Kerala Ltd., Alappuzha, was also included in this study. But it was not functioning during the initial period of study and closed during the year 2010-11. (Govt. Order dated. 30/072007 to transfer ownership to The Co-operative Academy for Professional Education, CAPE)

1.3.1 The Metal Industries Ltd., Shornur

In Kerala, in the early part of the 19th century, Shornur was known as the Sheffield of the East. Steel was a popular cottage industry there, at that time and the town was famous for its steel products, especially cutlery. The birth of the steel industry, “The Metal Industries Ltd., Shornur,” took place due to the above effect. The company was incorporated on 06th March 1928 and now it is a manufacturing steel industry under Industries Department, Government of Kerala.
The capital investment has become Rs.200Lakh, and activities are manufacturing and marketing of agricultural implements and tools. 69 employees are working in the company during the year 2009-10 and one in-house and two external training programmes were organised for the employees. The turnover and net profit during the year was Rs.251.06Lakh and Rs.18.12Lakh, respectively.

1.3.2 Steel Complex Ltd., Feroke, Kozhikode

Steel Complex Ltd. (SCL) is the only mini steel plant in Kerala. The Company was originally promoted in the joint sector between the Kerala State Industrial Development Corporation Ltd. (KSIDC) and a private entrepreneur in 1969. SCL set up its mini steel plant in 1972 with installed capacity of 37,000 tonnes p.a. The Company commenced commercial production in September 1973. As part of rehabilitation package, KSIDC raised its shareholding in SCL to more than 50% and thus SCL became the subsidiary of KSIDC in 1979.

In 1983 SCL undertook expansion scheme by adding the third electric arc furnace, by which the production capacity was raised to 55,000 tonnes p.a. The operation of the company then improved. The steel produced here is strictly confirming to BIS Specification falling under Mild, Medium Carbon and Spring Steel qualities and is cast into 100 mm sq. billets. The billets are further rolled and converted into constructional steel of various sections at rolling mills and marketed by SCL. Being a holder of ‘A’ grade BIS License, the Company is authorized to issue certificate conforming to BIS specifications. Various grades of steel billets of size 100 x 100 mm RCS is manufactured by the Company. These billets conform to the BIS standard codes IS 2830:1992, IS 2831:2000. SCL markets a wide range of TMT constructional steel strictly conforming to BIS standards IS 1786/ 1985. Manufacture of TMT is done in association with SAIL, a “Maharatna” PSU.
Recently, Fe500 grade TMT bearing the name ‘SCL-TMT 500’ has been launched in various sizes.

The capital investment was Rs.1625Lakh and 175 employees were working during the year 2009-10 and Rs.0.37Lakh spent for employee development programmes. The turnover for that period was Rs.2856.9Lakh and the operating loss Rs.889.81Lakh.

**1.3.3 Steel Industries Kerala Limited, Athani, Thrissur**

Steel Industrials Kerala Limited (SILK) - Set up in 1975 by Government of Kerala to develop steel based industries and services in state of Kerala. The Registered and Corporate office is at Athani, Thrissur. SILK is an integrated consortium of people of high skill, capability and innovation and facilities, capturing new horizon by the dedication of people to meet the requirement of the country in steel based sector and Power Engineering areas confirming the identity of SILK and also shouldering confidence of the people and corporate establishments.

SILK is the Kerala's largest steel company, to develop steel based industries and services in the state with a turnover of above Rs.20 crore. SILK has five integrated steel plants, in different parts of the state. These are

1) Steel Industrials Kerala Limited
   Ship Building Unit, Azhikode, Azhikkal
   Kannur-670 009

2) Steel Industrials Kerala Limited
   Ship Breaking Unit, Beypore
   Kozhikode-673 015

2) Steel Industrials Kerala Limited
   Foundry Unit, Palappuram, Ottappalam
   Palakkad-679 103
4) Steel Industrials Kerala Limited
   General Engineering Works, Thuravoor, Cherthala
   Alappuzha-688 532

5) Steel Industrials Kerala Limited
   Steel Fabrication Unit, S.N.Puram, Cherthala
   Alappuzha-688 582

SILK today is a multi million asset base organization, servicing core sectors like Heavy Engineering Industries, Power generation and transmission in and outside Kerala. SILK through its facilities for industrial / Engineering Fabrication, Sheet metal Fabrication, Machining, Casting, Ship Building, Ship Breaking and Commercial and Trading activities is growing. The Company has always had significant impact on the economic development in Kerala and now contributes to the blueprint of the future and is truly committed to the state development objectives.

SILK is now on the path of quantum leap establishing SILK's own Technology in steel and Power Engineering spheres also by strengthening Trade and Commercial activities. 150 employees were working in SILK and the total capital investment was Rs.4000Lakh during the year 2009-10. The turnover was Rs.2586.83Lakh and the profit was Rs.222.05Lakh. No money was spent for employee development programmes during this period.

1.3.4 Steel and Industrial Forgings Ltd., Athani, Thrissur

Steel and Industrial Forgings Limited (SIFL) is an ISO 9001:2008 certified, Public Sector Undertaking fully owned by Government of Kerala. Incorporated in 1983 and Started commercial production in 1986, SIFL rapidly forged ahead to become a name to reckon with. They are masters in Titanium and Special alloy forgings. Untiring efforts of two decades has saddled SIFL firmly in the Forging Industry of India and abroad, with the best ratings for its products and
services. Forgings with exquisite designs and shapes, flawless forms and contours, broad bands and spectra of metals like Alloy Steel, Super Alloys, Aluminium and Titanium. A wide range of weights and unmatched quality have made SIFL the most sought after forging company in the country for critical components.

SIFL's diverse product mix caters to a wide range of sectors. These include complex and high precision Aerospace forgings, Specialised Forgings for Defence, Heavy Forgings for Commercial vehicles, Railways and other components for automobiles etc. SIFL bagged “Kerala's Best PSU Award' during the years 2006 - 07, and 2007-08. Special Award, for “Notable Achievement” in Enterprise Performance, wined during the years 2008-09, and 2009-10.

SIFL's blue-chip clientele speaks volumes for the quality of the forgings. Many of them are international names who manufacture Commercial and Agricultural vehicles and Earth Moving equipments. SIFL's technological knowhow and quality standards are manifested best in its contribution to our Nation's Space Research and Aerospace industries. SIFL's most notable achievement is in successfully catering to the stringent quality standards of Defence and Space Research establishments in India and establishing import substitution for customers like Bharath Heavy Electricals Limited, Larsen and Toubro, Indian Space Research Organisation and Hindustan Aeronautics Limited. Their annual capacity is around 7500 Metric Tons. They manufacture closed die forgings in the weight range of 5 kg to 450 kg and open die forgings within 1kg to 75kg net weight per piece and ring rolling up to 650mm OD. The company has got the capability to manufacture forgings out of Carbon steels, Alloy steels, Stainless steels, Maraging steels, Aluminium alloys, Titanium alloys, Inconel (Su 718) etc. SIFL's critical forgings are supplied to various sectors like Aerospace sector, Defence sector, Railway sector, Heavy Engineering sector, Earth Moving sector, Agriculture sector, and Automobile sector.
SIFL is equipped to manufacture high pressure application forgings like Gate/Valve Bodies, Choke Bodies etc. in Carbon and Alloy steel material, to meet the requirements of Oil Field Equipment manufacturers, Thermal Power Stations, Refineries, Petro-Chemical Industries and Nuclear Plants. The company has made significant contribution in Aerospace/Aeronautical sector by way of developing complex forgings for various Aerospace engines. The latest of which, involves the supply for project CHANDRAYAN by ISRO. So far the company has developed about 800 different types of forgings and the development of new components are continued. Forgings are also being exported to countries like USA, Indonesia, Malaysia and Middle East.

The capital investment was Rs.2000Lakh, 290 employees worked and turnover was Rs.6072Lakh during the year 2009-10. Net profit during the year was Rs.909Lakh and spent Rs2.63Lakh for employee development training programmes.

1.3.5 Autokast Ltd., Cherthala, Alappuzha

Established in 1984, Autokast Ltd is fully equipped to manufacture all kinds of Ferrous Castings weighing from 20 kg to 8000 Kg single piece. The present annual production capacity is 6000 Metric Tons. Autokast produces and markets different grades of Grey Iron and SG Iron Castings for the domestic and international markets. In fact Autokast can produce Quality Castings in all grades of Grey Iron and SG Iron. An expansion proposal to include Steel Castings is on the anvil. The range of Alloys manufactured at present includes FG-200 to FG-300, SG-400/12, SG-500/7, GGG.40.3 grade, Grey Iron With 2% Nickel. An ISO 9001-2008 Company Autokast has different production lines each of which caters to different market segments. Casting in Grey iron, steel and S.G. iron, with precise dimensional
control are Autokast's speciality. Autokast became one of the few foundries which can cast such a wide range, meeting, national and international specifications.

BMD 'Air - impulse' High pressure Moulding System is the largest of its kind in South Asia and set up in the country, in Autokast, for the first time. Air impulse' technology for sand compaction is the latest in the field and Autokast has opted for this in keeping with the trend of technological changes. The high pressure moulding Line can produce Grey iron and S.G. iron in casting which are repetitive in nature and required in large numbers. This system can produce 80 moulds per hour in box size of 750 x 750 x 400/350 mm and is the best suited for mass production of precision castings required for automobile and engineering industries.


The total capital investment was Rs.2000Lakh and turnover during the year 2009-10 was Rs.1630.34Lakh. Net loss during this period was Rs.223.32Lakh and spent an amount of Rs.0.7Lakh for employee development programmes.

1.4. STATEMENT OF THE PROBLEM

Soon after independence our national leaders wanted to develop industries as they believed that India could not progress without them. Under the Five Year Plans several basic industries were planned and executed. With steel
forming the major component of all machinery and equipment, steel industry became the pioneer industry in independent India.

State Governments had to play the vital role of the entrepreneur in ways more than one to usher in rapid industrialisation. At the time of formation of the state of Kerala way back in princely state of Travancore, in fact, was the first region that come forward to foster industrialisation. But the story since has been quite dismal and today Kerala is one of the least industrialised states in the Indian Union. Added to the bleak scenario rising per capita consumption is not proportionate with per capita income on the one hand and a growing army of unemployed and underemployed manpower on the other.

There are certain important factors like cut throat competition, quick changes, communication explosion and conflicts which influence every kind of business today, irrespective of its size and location on the globe. Kerala public enterprises were no exemption to this rule. The old adage -Survival of the fittest- is apt in today's business. In order to survive and grow every organisation must utilise its resources in the most effective and efficient manner. But out of the various resources used, human resource is the only elastic factor. Therefore Human Resource Development and Management constitute the need of the hour.

Liberalisation, Privatisation, and Globalisation, Communication, Competition, Conflicts, and Changes enhanced the importance of the study of this sort. During the five financial years i.e. 2000-01 to 2004-05 the average Net Profit per annum of all public sector enterprises in Kerala was Rs. 228.1 crore. But during the same period the average Net Loss per annum of all steel based public sector enterprises in Kerala was 15.09 crore. (“A Review of Public Enterprises in Kerala” 2000-01, to 2004-05). This show the inefficiency of steel based public sector enterprises in Kerala in terms of profit.
The HRD climate of an organisation plays a very important role in ensuring competency, motivation and development of its employees. The HRD climate can be created by introducing appropriate HRD systems and leadership styles of top management. The HRD climate is both a means to an end and an end in itself. HRD climate is the perception the employee has on the developmental environment of an organisation. It is an integral part of organisational climate.

The present study is an attempt to categorise the positive and negative aspects in providing a healthy HRD climate in steel based state level public enterprises in Kerala. To be effective every organisation needs competent people at all levels to bring about cost reduction, reductions in delays, increased customer satisfaction, better quality, prompt service and improved market image. But, sad to say, the SLPEs in Kerala received little or no emphasis on the importance of human resource. This led to lack of competence, lower competence, lower performance, low morale and motivation, lower customer satisfaction and poor service in most of SLPEs. This study provides a conceptual framework for a better understanding of HRDM in steel based public enterprises in Kerala.

1.5. SIGNIFICANCE OF THE STUDY

In the changing world of globalisation HRD is inevitable for acquiring higher competencies and sharpened skills. Newer approach to accomplish the organisational goals will be benefited by the end user i.e., customer.

Although Kerala has a progressive face in many areas of social development, it is a sad predicament that the industrial sectors in the state are yet to shed its conservative approaches and go out to take up new challenges and opportunities. The contribution of the present status and the unwillingness of the authorities to bring on changes either structural or functional in the industrial development scenario would be highly damaging to the interests of the young
generation in general and to the present employees in particular. The findings of the study should help the concerned authorities to provide lacking HRD elements which can increase the service output and efficiency.

The public enterprises have more social obligations than other organisations. These organisations spending on HRD activities did not convert into the desired output. Additional HRD activities are needed to increase the effectiveness and efficiency of the employees of steel based public enterprises in Kerala.

This study proposes to analyse the problems and prospects of the HRD system in steel based SLPEs in Kerala. The feedback from these organisations will help a lot to improve healthy HRD culture and climate in these organisations.

1.6. THE OBJECTIVES

The present study had taken up with the following specific objectives;

(1) To study the HRD culture and climate prevailing in steel based public enterprises in Kerala
(2) To analyse the problems and prospects of the HRD system in steel based state level public enterprises in Kerala
(3) To understand the strength and weakness of the HRD activities in these organisations
(4) To evolve appropriate strategies and suggest measures to improve the efficiency of the employees in these organisations

1.7. HYPOTHESIS OF STUDY

In consonance with the above objectives, the following hypotheses are formulated:
1. \( H_0 \): General climate in steel based state public sector enterprises in Kerala is average against the hypothesis \( (H_1) \) that it is high

2. \( H_0 \): HRD (OCTAPACE) culture in steel based state public sector enterprises in Kerala is average against the hypothesis \( (H_1) \) that it is high

3. \( H_0 \): HRD Mechanisms in steel based state public sector enterprises in Kerala is average against the hypothesis \( (H_1) \) that it is high

4. \( H_0 \): Overall HRD climate in steel based state public sector enterprises in Kerala is average against the hypothesis \( (H_1) \) that it is high

5. \( H_0 \): There is no significant difference in General climate among different companies of steel based state public sector enterprises in Kerala

6. \( H_0 \): There is no significant difference in HRD (OCTAPACE) culture among different companies of steel based state public sector enterprises in Kerala

7. \( H_0 \): There is no significant difference in HRD mechanism among different companies of steel based state public sector enterprises in Kerala

8. \( H_0 \): There is no significant difference in Overall HRD Climate among different companies of steel based state public sector enterprises in Kerala

1.8. LIMITATIONS OF THE STUDY

The limitations of the study were:

a) The study is limited to steel based State Level Public Enterprises in Kerala. Therefore no comparative study has been done with Central Public Enterprises or other State Public Enterprises in India.

b) Some records with strategic importance were not completely available for reference from the organisations.

c) The employees did not reveal all details due to their behavioural attitudes.

d) Since the study involves qualitative or subjective nature of human behaviour, exact quantification of data becomes difficult.
e) The evaluation and analysis is subject to certain inherent limitations, which are common to all studies based on social survey.

1.9. CONCLUSION

The state public enterprises have emerged as a vital instrument of public policy to achieve the development objectives in Kerala. The present study is an attempt to categorise the positive and negative aspects that provide a healthy HRD climate in steel based state level public enterprises in Kerala. This study proposes to make an analysis of Human Resource Development Culture and Climate of steel based state level public enterprises in Kerala.

The area of study covers the Steel based State Level Public Enterprises in Kerala. These are

a) The Metal Industries Ltd., Shornur
b) Steel Complex Ltd., Faroke, Kozhikode
c) Steel Industries Kerala Limited, Athani, Thrissur
d) Steel and Industrial Forgings Ltd., Athani, Thrissur and
e) Autokast Ltd., Cherthala, Alappuzha.

Details of these organisations are also furnished. In addition, Human Resource Development, history of public enterprises, and HRD practices with special reference to State Level Steel based Public Enterprises in Kerala are highlighted.

The major objectives of this research are to study and analyse HRD Culture and Climate of steel based public enterprises in Kerala and suggest means and measures to improve the efficiency of the employees in these organisations. In consonance with the objectives of this study, eight hypotheses were formulated.
The major limitation is that there is no comparative study possible as the area of study is confirmed to steel based State Level Public Enterprises in Kerala.

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