

CHAPTER – III

PROFILE OF ITC, ABD-ILTD CHIRALA

This chapter briefly wish lights the tobacco industry in India and profile of the ITC, ILTD-ABD Chirala. It also highlights socio-economic demographic profile of the sample respondents such as Age, Service, Nativity, Language, Size of the family, Marital status, Nature of job, Educational back ground, Income and the like.

3.0 INTRODUCTION

Tobacco grown in India for over centuries, contributes significantly to the well being of the country. From the marginal farmer growing tobacco on unirrigated, small land holdings to retailers in remote corners of India, over 26 million people benefit from their direct or indirect association with the tobacco industry.

Grown on 'a commercial scale in over 100 countries worldwide, tobacco fornls a major part of the socio-economic lifeline of over ,15 developing countries. Besides creating economic prosperity for rural populations, it generates substantial revenues for those governments and boosts agro-exports.

The global production and consumption of tobacco continue to grow at an estimated rate of 1.95 and the total market in tobacco products is valued at US \$275 billion-about 78%of India's GDP. Tobacco and export of tobacco products are a major source of income of developing countries- over 70% of Malawi's and 40% of Zimbabwe's exports earnings come from tobacco. Brazil and china also depend 011 tobacco export incomes, which are in the region of US \$1.5 billion.

3.1 Tobacco industry

In India, tobacco is a major contributor to agrarian economy, the exchequer and to agro-exports. Six million farm laborers find gainful employment in tobacco farming. The tobacco industry provides almost 10% of governments excise collections and 4% Of all agro-exports. While 85% of tobacco consumption worldwide is in the form of cigarettes, in India it is less than 20%. A skewed taxation policy has restricted cigarette volumes but ensured that cigarettes account for

87% of revenue generated by the tobacco sector. So, modest volumes have limited the tremendous revenue potential of cigarettes and cigarette tobacco. The global import-export trade in tobacco was worth \$30 billion in 1994 of which 25% billion was generated by cigarettes. With 78% of Indian tobacco being non-cigarette types, exports have been correspondingly modest-less than 1 % of the global trade. What emerges clearly is the opportunity that cigarettes and cigarette tobaccos offer in terms of revenue, improving quality of employment, developing the rural economy and increasing foreign earnings.

3.2 The Farmers Friend

Among commercial crops, tobacco occupies a unique and distinct position. Tobacco uses just 0.3% of arable land to yield it of agricultural value nearly 40/t of India's agro-exports. No other crop provides such value to the farmer under similar conditions in India. It is grown in a large number of states with Andhra Pradesh, Karnataka, west Bengal, TamilNadu, Bihar, Uttar Pradesh, Orissa and Maharashtra being the major tobacco providing areas. Andhra Pradesh and Karnataka are the two states growing the cured Virginia tobacco used in making cigarettes and also the exportable variety.

Tobacco is drought resistant crop grown substantially on non-irrigated soils. More than 50% of tobacco cultivation takes place in areas without irrigation. This is significant in a country like India where 70% of arable land lacks irrigation. At the same time it is the only hardy crop that withstood the residual moisture and organic matter during three consecutive cyclones in Andhra Pradesh and gave the farmer well yields.

It is short-term cash crop compared to other main crops of the region and takes between four to six months to grow. The tobacco farmer to cultivate other crops for the rest of the year can use the land. Growing tobacco improves soil fertility there by increasing the yield of other crops on the same soil.

The cigarette tobacco grower receives regular scientific inputs on improving yield and quality, and developing new varieties from the private sector as well as the government. The central tobacco research institute in Rajamahendry, Andhra

Pradesh, has played an important part in agricultural research project that spans six state agricultural universities and six centers under the Indian council for agricultural research.

3.3 Creating Wealth For The Nation

Though tobacco is a significant contribute to the Indian exchequer, revenue generation from the segments restricted by the nature of tobacco consumption. Despite being only 19% of tobacco consumption, Rs 3500 crores out of the Rs 4036 crores (nearly 87%) that accounted at tobacco excise in 1996 was accounted by the cigarettes. If all tobacco consumption was in the form of cigarettes, excise collections would theoretically have been in the range of Rs 18000 crores and would account for 30% of the government excise revenues instead of 10% if provides now. More cigarettes generation mean a giant leap in revenue generation.

Cigarette excise is determined by length and type. Therefore, the Kingsize segment (cigarettes longer than 75mm) pays the highest excise Rs 1100 per 1000 cigarettes-and also has the smallest market share only about 15%. Excise rates in India have increased annually. Volumes in the conventional length segment of cigarettes has shown a small growth of 2.7% since 1993-94 while in sharp contrast the excise revenues have grown at a compound rate of 10.7%. This volume and revenue growth must be seen in contrast with the impressive performance of the micro segment (non-filter cigarettes not exceeding 60mm in length) after duty reduction in March 1994, even though this reduction was sustained for a brief period of two years. But in India, only 5% of all types of smoked tobacco products are in the form of filter cigarettes. This share is likely to shrink further with the budget proposals of a 16% hike in the 70mm filter cigarette segment, which accounts for 44% of the cigarette industry.

The golden leaf in India yields tremendous promise. It is capable of not only making a much larger socio-economic contribution at home, but had the ability to make India emerge as a major player in the world tobacco market. India has the infrastructural facilities, trained and experienced workforce spanning all stages of tobacco production, and favorable agro-climate conditions-factors, which undoubtedly augur well. It needs a progressive tobacco policy to harness these advantages.

In order to attain the stated objectives, the government needs to focus on these fundamentals.

- The specific duty structure in 1987 should be retained in view of enhanced revenues it provides and in order to achieve litigation free tax collections.
- The rate of duty of micro segment should be restored to Rs 60 per 1000 cigarettes, which has not affected the existing level of industry and fetches major benefits to excise revenue.
- Retain single point taxation for cigarettes and discourage levy of luxury and entry tax by state governments, which contravene the Act of 1957.
- Excise duty should be reduced by 5%, the weighted average impact of sales taxes on cigarettes, till the Supreme Court pronounces a judgment on pending cases.
- Give due consideration to premium segment which provide impetus to the high quality, exportable tobacco. This will also protect excise erosion on account of increased smuggling of foreign brands.
- The cigarette industry should be allowed the benefits of bringing back damaged or defective goods for reprocessing. Denial of this benefit has caused substantial loses to the industry.
- If it is not possible to bring down rates, current rates should be maintained for at least two or three years to stabilize the market and encourage cigarette volume expansion.

Today's world increasingly relies on a common agenda, particularly in the context of commerce. In globalize environment, all nations flow with the main stream of internal trends. India is no exception. It has to convert its threats into competitive advantage to emerge as a dominant player. Tobacco offers this opportunity to India.

3.4 Types Of Tobacco Grown In India

1. FCV Tobacco

- | | | |
|---------------------------------|---|--------------------|
| a. Traditional Black Cotton | : | Andhra |
| b. Northern light soil tobaccos | : | Andhra |
| c. Southern light soil tobaccos | : | Andhra |
| d. Monsoon crop | : | Mysore |
| e. Monsoon crop | : | Orissa-Development |

2. ACV varieties

- a. Monsoon Burely : Andhra
- b. HDGRB : Andhra
- c. SCN : Andhra
- d. Rustica : Gujarat
- e. Cigar tobacco : Madras
- f. Beedi tobacco : Gujarat, Maharastra and Madhya Pradesh.

3.5 Organizational Challenges:-

There are many proprietary green leaf processing units who are their main competitors in India.

Company	Exports-Mkgs (in 2012-13)
ILTD	24 (total 76)
PSSH	11
BBL	8
ML	4
MA	4
DECCAN	10
DELTA	7

Source : ITC Annual Reports

The volumes of the competitors are smaller than ILTD volume. Although they are competitors to ILTD,(Considering a larger perspective) they are partners in promotion of exports from India. ILTD shares information and provides them a part of their volumes for processing for both developing their capabilities and having alternate capacity for contingencies.

In the changing market scenario, some of them are in the process of establishing cigarettes factories and entering into a tie up with international merchants.

Strength off ILTD is the largest state of the art processing facility, professional management and world wide network apart from established internal communication system and corporate monitoring systems.

Factors	Chirala	Average competition Costs
Manpower	1.13	0.47
Power	1.04	1.52
Coal	0.22	0.60
Maintenance	0.53	0.78
Total	2.92	3.37
Productivity Kg/man-day	200	116

Source : ITC ABD ILTD Chirala : Financial Reports

The labour costs and standards of safety at Chirala are much higher than competition and this is more than offset by higher productivity and lower energy, maintenance costs. The advantage of Chirala factory has over competition are long term strategy and goals, implementation of systems such as ISO 9000 for product quality, external audits and caliber of professionals engaged and close association with end users.

3.6 Strategic challenge:

- Large number of illiterate employees
- Growing percentage of young employees who have greater aspirations & requirements
- To align new employee aspirations with the organization goals and vision.
- Greater requirement for social responsibility initiatives
- Product tractability and integrity and value chain integration
- Demand for higher yields
- More stringent product quality tolerances

3.7 Awards

ITC's Packaging business has won numerous awards for its quality, environmental management systems and product excellence:

- First in India to be assessed at Level 6 on the International Quality Rating Systems (IQRS).
- Both the Chennai and Munger factories have obtained ISO 9002 certification. The Tinivottiyur and Munger factories have also received the ISO 14001 Environment Management Systems certification.
- Quality Improvement Benchmark Awards for 1997 and 1998.
- British Safety Council Swords of Ron or in 1999 for both the Chennai and Munger factories.
- CAPEXIL Special Export Award for 1999 and Top Export Award for 2000/01.
- The World Star award for Aashirvaad Select 2-kg pack in the Consumer Pack category in 2002, Wills Natural Lights in 1999, Royal Velvet & Passport whisky cartons in 1998 and Nargis lined tea cartons and Vacupack bulk packaging for tea in 1997.
- Asiastar awards for packaging excellence in 1999, 2000 and in 2001 we have received 3 Asiastar awards for Surya IOs, Royal Stag 750ml and No.1 Gift Pack.

3.8 Profile of Agri Business Division-ILTD

In AGRI BUSINESS DIVISION-ILTD has a history of 85 years of partnership with farmers and leadership in the cultivation of Cigarette Tobacco. ITC introduced and developed Virginia and Burely Tobacco in India. There are Six Chronological events in ILTD starting from 1980 1990.

In AGRI BUSINESS DIVISION-ILTD there are Two Factories in A.P. one is at Anaparthi and another is at Chirala. Guntur is the Head Office for these two factories. Chirala is located at distance of 350K.M. from Chennai and south east of Hyderabad.

The first activity in Chirala was in the year 1918, started with leaf buying, redrying factory was setup in the year 1926 at Chirala over the period with changes in the environment and business needs, green leaf threshing plant was setup in the year 1985 with increase in customer demands. Second line was added in the year 1990 - 91 to enhance the production capacity. The plant is with state of art and technology and was considered as one of the best plants in India in terms of products quality and this plant was also considered as "The largest tobacco threshing in Asian continent". This division is located in Perala village outskirts of Chirala, which is providing agricultural commodity, as it deals with agricultural commodity, the operational phase in each and every year, varies with seasonal and non-seasonal periods.

3.9 ILTD Business and Organization Mission Statement:

“To enhance the wealth generating capacity of the enterprise in globalizing environment, delivering superior and sustainable stake holder value”

3.10 Agri Business Division-ILTD Long term Business Objectives:

1. To be dominant player in every field in which, we choose to operate.
2. To attain and maintain the leadership position in exports among private sector companies in India.
3. To become one of the foremost institutions in the world for plant material based formulation/products commercial scale to make this world safer place to live.
4. To reestablished and strength in over image as a friend of the farmer as an institution contributing. Significantly to rural prosperity through improving the economics of the farming community and tribal population.

3.11 Progressing Stages In ILTD

1. Feeding
2. Conditioning
3. Band reeling
4. Dividing
5. Picking
6. Threshing

7. Classification
8. Redrying
9. Processing packing
10. Prizing Marking

3.12 Seasonal Period: - It starts from November and ends with July with a gap of one or two months.

3.13 Off-seasonal period: - It starts from August and ends in October.

During seasonal period, the plant is engaged with threshing green leaf tobacco with full utilization. On the contrary during the seasonal periods spread over four months in the year i.e., during monsoon period in the area of plant shutdown. During the above period the seasonal workers are discharged. The engineering and essential service personnel will be carrying out the maintenance and of the plant.

3.14 Manpower Profile

The unionized employees in operating locations (GLTs, R&D, Marketing Depots) in Andhra Pradesh state belong to three distinct categories Viz.,

1. Class 'A' employees
2. Technicians
3. Class 'B' employees

(i) CLERICAL / CLASS A:

This category comprises of all employees working in Class 'A' category performing either clerical or non-Clerical (Quality Control and clinic related) duties. The category consists of Seasonal Class 'A' (SCA) employees as well as Non-seasonal Class 'A' (NSA) employees. Typically they are First Class Commerce graduates, though in the earlier days even intermediate was considered sufficient qualifications for joining the services of the Company in this category.

The grades applicable to the Class 'A' employees are

Seasonal Class 'A'	-	S-2, SS-2
Non-seasonal Class 'A'	-	NS-2, NS-3, NS-4

All Class 'A' employees are monthly rated / monthly paid employees.

As a practice, Clerical staff reports functionally into the Unit Accountant. Thus the Unit Accountant allocates the clerical staff across various departments at the beginning of the season. Other non-clerical employees report to their respective Heads of Departments (HODs). For e.g. the clinic pharmacists are under functional control of Unit Personnel Manager, the Quality Inspectors are under functional control of Production Manager while the Quality Control staff of Class 'A' category functionally report to the Quality Control Managers.

Class 'A' employees have been represented by an internal Union – the ILTD Company Staff Association.

(ii) TECHNICIANS:

This category is a pool of technically qualified employees catering to the needs of Production and Engineering Departments. By virtue of their allocation to different Departments, they perform the duties in respective departments but are interchangeable from one Department to another depending upon the need. First Class Diploma holders, I.T.I. pass or Boiler Attendant certificate holders are considered for joining the services of the Company in this category.

This category consists only Non-seasonal employees in the scales T1, T2, T3, T4, T4-S and T5.

Technicians are monthly rated / monthly paid employees.

Technicians functionally report into the Unit Engineer who undertakes the manpower allocation of this category of employees across various departments.

The Technicians have been represented by an internal Union – the ILTD Company Technicians' Union.

(iii) CLASS 'B' WORKERS:

This category of employees consists of the General workers - both Non-seasonal Class 'B' (NSB) and Seasonal Class 'B' (SCB). There is no educational bar for joining the services of the Company as a Class 'B' worker. Traditionally the

entrants into this category first work as Baldish (gate casuals) and then based on vacancy are absorbed as SCBs and later as NSBs.

The scales in the category are as follows:

NON-SEASONAL	SEASONAL
1. Monthly Rated (MRB-2)	1. Daily Rated (DR-2)
2. Monthly Rated (MRB-3)	2. Daily Rated (DR-3)

The Non-seasonal Class 'B' Workers are monthly rated / monthly paid and the Seasonal Class 'B' Workers are daily rated / weekly paid.

This category is under the functional control of the Production Manager who undertakes the allocation of their numbers across different departments.

3.15 The NON-UNIONISED CATEGORY:

Senior Grade:

The Senior Grade employees can not be members of any Union. Prior to being promoted to Senior Grade, the employee must resign from the Union Membership and a copy of the resignation letter is to be submitted to Employee Relations Manager, Guntur, on receipt of which only the promotion letter is issued. Specimen of the resignation letter required to be submitted to the Employee Relations Manager

3.16 Employee profile:-

Manpower Classification

The unionized employees are of three distinct categories viz.,

- 1. Clerical/class 'A'**
- 2. Technicians**
- 3. Class 'B' workers**

(i) Clerical/class 'A':

This category comprises of all

- ❖ Clerical staff members,
- ❖ Compounders / Pharmacists, and
- ❖ Quality inspectors

In the scale of S-2 & S-3.

There are both Non-seasonal and seasonal employees with in this category. All clerical class' A' employees are monthly rated/monthly paid employees.

Except those working in the watch & ward all other clerical staff are under the functional control of the Factory Accountant and therefore the matters pertaining to their transfer, allocation of duties department wise etc., are required to be dealt with by the Factory Accountant/ Management accountant.

(i) Technicians:

This category consists only Non-seasonal employees in the following scales VIZ.,

T-1

T-2

T-3

T-4 &

T-5

Technicians don't consist of seasonal employees. This is because the machines that are to be used while threshing the tobacco must be maintained for the' good quality of output. So this work will be there for the entire year.

This category is a pool of technically qualified employees catering to the needs of production and Engineering Departments. By virtue of their allocation to different Departments, they perform the duties in respective departments but are interchangeable from one Department to another depending upon the need.

Technicians are monthly rated/monthly paid employees.

(iii)Class 'B' workers:

This category of employees consists of both Non-seasonal and seasonal components. The scales in this category are as follows:

(iv) Non-seasonal

1. Monthly Rated (MRB-2)
2. Monthly Rated (MRB-3)

(v) Seasonal

1. Daily Rated (DR-2)
2. Daily Rated (DR-3) se of the study.

The Non-seasonal class 'B' workers are monthly rated/monthly paid and the seasonal class 'B' workers are daily rated/weekly paid.

All class 'B' employees posted in the plant are in scale² either daily rated or monthly rated. Identified jobs specified below are in scale³ either daily rated or monthly rated:

- A. Maistry
- B. Cylinder operator
- C. FL truck Driver
- D. Quality control laboratory
- E. Boiler Home
- F. Markers
- G. BOPT operators

The remaining employees posted in Departments other than the plant or the jobs specified above shall be in scale 2.

(vi) The Non-unionized category:

These employees are not members of any union but for the purpose of working out the establishment, they shall be counted against the vacancies of unionized staff of clerical/class 'A' or technicians as the case may be.

The terms of appointment and other service conditions to the senior grade are specific and differ from other members of unionized cadre.

Managers are qualified degree/diploma holders in different fields of specialization as required for their role. Staff y are junior managers and Sr Grade are Supervisors who have grown from unionized cadre.

Technicians category are a pool of technically qualified employees who cadre to the needs of production and engineering departments. Clerical are primarily those who maintain the accounts and capture data at different locations in the factory. Class B are those engaged for mostly manual tasks in the factory and the majority are illiterates.

Each of the unionized categories of employees has their own democratically elected union and the elections are held once in two years. These office bearers are elected by their category of employees across the AGRI BUSINESS DIVISION-ILTD with representatives for the division for the operating units.

Table 3.1

Total Manpower particulars of AP, ITC Limited, ABD ILTD, Chirala.

Sl.No.	Category	Total Strength
1.	Managers	400
2.	Non-Managers	2620
Total		3020

Managers Cader includes (G.M) General Manager, Dy. G.M, Sr. Managers, Asst. Managers, Dy. Manager, Supervisors and all other Officer Cader.

Non-Manager include Technicians, BOPT operators, maistry, compounders, pharmacists and clerical staff.

3.17 LEAVES AND HOLIDAYS

Employees in different categories are entitled to different types of leaves. The details are as follows:

Types of leaves: Annual leave
 Sick leave
 Casual leave

(i) Non-seasonal clerical/class ' A':

Annual leave:

All clerical class' A' employees are entitled to annual leave at the rate of one day for every 20 immediately preceding year.

Leave shall be credited on the 1st January every year considering the working days of the previous year. For the purpose of calculating the working days of the previous 'year, only days on which the employee is physically present shall be taken.

In other words, leave availed during the-previous year shall not be counted as working days.

The leave calculated as above should be subject to a minimum of 26 working days for those who have put in 240 days or more working days, for others shall be in proportion to the actual working days.

While calculating the actual working days any fraction of 20 in excess of 10; days shall be treated as 20 days.

For example:

Working days	leave
20	1 Day
29	1 Day
31	2 Days
40	2 Days
49	2 Days
51	3 Days
60	3 Days
69	3 Days
71	4 Days

Annual leave shall be allowed to be accumulated up to a maximum of 90 days.

Sick leave:

On 1st January of every year 14 days sick leave is credited to the leave account

of the employee. Sick leave can be accumulation up to a maximum of 90 days.

Sick leave shall be sanctioned only on the recommendation of the company medical retainer.

Casual leave:

On 1st January every year, 10 days casual leave shall be credited to the account of the employee. No accumulation of casual leave is permitted. Unused leave at the end of the year shall lapse.

In case an employee is confirmed in the middle of the year, annual leave shall be. Calculated as per details given in the class of Non-seasonal employees. Leave shall however be credited to his account on the first of January of the next year along with other non-seasonal employee. For the period he has worked as a seasonal and no leave pay shall be payable to him since he would 'not be discharged from service along with other seasonal due to confirmation. Similar treatment shall be given to sick leave also.

(ii) Technicians:

Annual leave:

All rules pertaining to Non-seasonal clerical/class 'A' are applicable to technicians except the accumulation limit. Accumulation limit in the case of technicians is 180 days.

Sick leave:

On 1st January of each year 14 days leave is credited to the leave account of the employee. Sick leave can be accumulated up to a maximum of 90 days.

Sick leave shall be sanctioned only on the recommendation of the company medical retainer.

Casual leave:

On 15th January each year, 10 days casual leave shall be credited to the account of the employee. No accumulation of casual leave is permitted. Unused leave at the end of the year shall lapse.

(iii)NON-SEASONAL CLASS 'B':

Annual leave:

All rules pertaining to non-seasonal clerical/class 'A' are applicable to non-seasonal class 'B' except the accumulation limit. Accumulation limit is 60 days.

Sick leave:

In 1st January of each year 14 days sick leave is credited to the 'leave account of the employee. Sick leave can be accumulated up to a maximum of 90 days. Sick leave shall be sanctioned only on the recommendation of the company medical retainer.

Casual leave:

On 1st January of each year, 10 days of casual leave shall be credited to the account of the employee. No accumulation of casual leave is permitted. Unused leave at the end of the year shall lapse.

(iv) Seasonal Clerical/ Class ' A':

Annual leave:-

The actual working days of the season are taken and the annual leave is calculated at the rate of one day for every 20 days, if the actual leave thus calculated is less than 7 days. 7 days minimum is credited to the account of the employee where the number is excess of 7 days, actual number of days is credited.

All the other rules as per non-seasonal clerical/class' A' where the employee report for the duty again during the year, the 7 days leave shall be adjusted against the yearly entitlement based on actual working days during the year.

There is no provision for accumulation. Annual leave as due is en cashed at the closure of any seasonal paid along with the .season's final payments.

Sick leave:

As per non-seasonal clerical/class' A' with full wages. No accumulation.

Casual leave:

14 days wages on a flat rate. The rates applicable at any given time are communicated by DHQ.

(v) Seasonal Class 'B':**Annual leave:**

Annual leave is calculated at the rate of one day for every 20 of work put in. There is no maximum in case of seasonal class 'B'. The actual days arrived at; as per the above calculation is the annual leave. Annual leave is encashed at the time of closure of season. No accumulation is permitted.

Sick leave:

14 days with full wages for a calendar year. No accumulation.

Casual leave:

14 days with wages at a flat rate. No accumulation.

(vi) Extra-ordinary sick leave:

In certain cases where employees suffer from prolonged sickness. Extra ordinary sick leave is granted depending upon the length of service of the employee whenever such case is come up the application along with the details of the sickness and necessary recommendation of the company's medical officers are required to be sent to Guntur. Employee Relations Manager only is authorizes to sanction extra-ordinary leave.

(vii) Quarantine leave:

Quarantine leave is a special kind of leave granted to the employee in the event of one of his family member confronting communicable disease. The intention of Quarantine leave is to see that the employee in the factory do not confront such communicable disease through the employee in whose family one of the members is suffering from communicable disease. The treating doctor certifies that the employee who is otherwise healthy is capable of passing on this disease to the employees in the Factory. Such leave that is permissible is 14 days quarantine leave is in addition to all other types of leave that the employee is entitled to this 14 days shall not be dedicated only leave.

(viii) Half day leave:

If an employee is required to leave the work spot due to personal emergency is entitled to apply for half-day casual leave.

3.18 DEVELOPMENT

After the employee has been recruited, selected, and inducted, he or she must next be developed to better fit the job and the organization. No one is a perfect fit at the time of hiring, and some training and education must take place.

Development should include both training to increase skill in performing a specific job and education to increase general knowledge and understanding of our total environment.

There are two broad groups of individuals to be trained, operatives and managers. The four basic systems of operative training are 1. On-the-job training, 2. Vestibul schools, 3. Apprenticeship programs, and 4. Special courses. Effective operative training should increase productivity, reduce costs, heighten morale, and promote organizational stability and flexibility.

With the more complex nature of the executive job, manager development involves both training and education. Decision-making skills are enhanced through business games, case studies and in-basket exercises. Interpersonal skills can be promoted through role-playing, behavior modeling, sensitivity training, transactional analysis, and structured insight. Job knowledge can be acquired through experience, coaching, and understudy systems, while organizational knowledge can be developed through position rotation and multiple management. In addition, one's general educational background can be developed through special courses, meetings, and a reading program, while specific individual. Deficiencies can be addressed through special projects and committee assignments.

Organizational development is an intervention strategy where by the general Environment is altered to emphasize collaboration, competence, confrontation, trust, candor, and support. Particular intervention technique would include team development processes, survey feedback, and inter group confrontation sessions.

Despite the multiplicity and complex nature of many training and educational program most development occurs on the job. But such development is slowed and less effective if the employee is not systematically appraised and fed back information concerning her or his quality of performance. All employees are appraised on their job performance in some manner or another. In general, it can be said that the choice lies among three possible approaches:

1. A casual, unsystematic, and often haphazard appraisal
2. The traditional and highly systematic measurement of (a) employee characteristics, (b) employee contributions, or (c) both.
3. Mutual goal setting through a Management by Objectives (MBO).

Though the casual approach is perhaps the most commonly used, various studies have revealed an increase in the number of firms choosing some formal type of appraisal. One-third of the firms having programs reported utilization of the most recent innovation, Management by Objectives.

There are a number of different types of systems for measuring the excellence of employee performance. Some of the traditional performance appraisal systems are

1. Ranking
2. Person-to-person comparison
3. Grading
4. Graphic scales
5. Checklists
6. Forced-choice description
7. Behaviorally anchored rating scales
 - a. Expectation scales (BES)
 - b. Observation scales (BOS)
8. Essay
9. 360, degree observation

Most important than the rating form or method is the quality of the rater. In most situations, the rater is the immediate superior of the person to be rated. Higher management, thereby maintaining hierarchical control over the appraisal process,

often reviews supervisor ratings. If more involvement is deemed desirable, the appraisal process can be undertaken by a group of raters. Members of the group can be superiors, peers, and subordinates. Sometimes the management allow the subordinates to rate themselves.

The most frequent rating schedules are semiannual and annual. New employees are rated more frequently than older ones.

Management by Objectives is far more than just an appraisal process. To many, it is a fundamental way of managing, in which periodic appraisal is but a part. Organizations are composed of a multitude of people, performing various and specialized activities, supposedly thereby contributing to basic organizational objectives. Central to MBO is a joint and mutual establishment of end results for individual key personnel. Equally essential is periodic joint appraisal when assessments are made concerning degrees of accomplishment. When organizational activities are closely interlocking, it is recommended that team or group goal establishment precede the identification of individual responsibilities and goals.

Modern personnel management must look beyond the present assignment, since neither organizational requirements nor individual attitude and abilities are ever constant. Individual employee careers must be of concern to organizations and managers in order that human resources may be developed to meet constantly changing environmental conditions. A career is a sequence of separate but related work activities that provides continuity, order, and meaning to a person's life. It is shaped by a myriad of factors including heredity, culture,

Parents, schooling, age level, family circle, and actual experiences in one or more organizations. An effective career development program provides complete information concerning career opportunities within the organization. The major ingredient is that of aligning individual careers with career opportunities through a continuing program of training, education, transfer, and advancement. Major current problems in career management would include dealing with the plateaued employee and recruiting and utilizing dual-career couples.

The low-ceiling career provides an unusual challenge in alignment of human needs and organizational requirements. Perhaps the major factor in the management of low ceiling careers is that of seniority.

Precision of measurement of seniority calls for a multitude rules governing techniques of accumulation, special treatment of protected groups, and units(occupation, department, company) in which it can be accredited to the person.

In making the many necessary personnel decisions in an organization, seniority can be mixed with ability in various ways; for example, when ability is equal, seniority governs. In any event, career development requires proper recognition of employee increase in experience, seniority, skills, and abilities.

3.19 COMPENSATION

One of the most difficult functions of management is that of determining rates of monetary compensation. Not only are it one of the most complex duties, but it is also one of the most significant to both the organization and the employee. It is important to the organization, because wages and salaries often constitute the greatest single cost of doing business, in 1929 employee compensation amounted to 58 percent of the nation's income, as compared with 75 percent in recent years. It is important to the employee because the paycheck often is the sole means of economic survival; it is also one of the most influential factors determining status in society.

As for the organization is concerned, employee compensation programs are designed to do three things:

- (1) To attract capable employees to the organization,
- (2) To motivate them toward superior performance, and
- (3) To retain their services over an extended period of time.

Though no science of pay exists, systems of job evaluation are widely used to make this first important decision. The organization can establish a pay policy that will meet its desired goal of attracting sufficient personnel to accomplish work task.

The compensation problem is enormously complicated by such factors as

supply and demand, labor organizations, the firm's ability to pay variations in productivity and cost of living, and governmental legislation, including the Civil Rights Act. In order to attract and retain needed personnel for the organization, employees must perceive that compensation offered is equitable in relation to their background inputs and relative contributions. Outside of haphazardly establishing bargaining over each individual rate, the only usable method of solving this problem at present is job evaluation, a systematic and orderly process for establishing the worth of jobs.

There are four alternative methods of job evaluation;

- (1) Simple ranking,
- (2) Job grading,
- (3) The point system and
- (4) Factor comparison.

Variable compensation programmes are designed to elicit from individual and groups specified types of behavior that are regarded as contributing to organizational effectiveness. Money can be a powerful motivator, but the design of such motivational programs is fraught with difficulties.

In general, motivation force will equal the value of money to the person multiplied by the degree of expectancy that it will be forthcoming if the desired act is performed. Assessment of expectancy is affected by self-determination of capacity to perform and by degree of trust in management that the money will actually be allocated.

Linkage between effort and performance, and performance and payoff must exist if the variable pay plan is to be effective. Linkages are best perceived when plans apply to individuals, such as salary adjustments based on individual merit or seniority, incentive pay based on output, bonuses for individual managers based on profits or specified company goals, and individual suggestion system. Each of these has managerial problems, such as the subjective nature of performance measurement, social pressures on high performers, and the precise alignment of payoff with desired behavior.

Increasingly, managements are accepting the idea that groups as well as

individuals can be motivated to work more effectively. In general, the smaller the group, the clearer the linkage between effort and performance. The group piece rate is an incentive system with better perceived linkage than production sharing, or employee stock ownership plans. The accent in-group plans are primarily upon cooperation toward a mutual objective. In production sharing, cost savings are shared. In profit sharing, the employee prospers if the entire firm does well. An even more indirect effect is exemplified by employee stock ownership. If the enterprise prospers, its stock values are likely to increase provided something else does not happen to affect the stock market or the economy as a whole. Both individual competition and group cooperation are potential sources of organizational effectiveness. .

Employee fringe benefits can be compared to the mythological animal that immediately grew two heads when one was chopped off. There seems to be no end to the number, variety, and adoption of such service programs.,

Non wage payments take a variety of forms, including pay for time not worked economic benefits to protect against major life hazards, and facilitative services to improve the quality of life. Society through government appears to be most concerned about protecting against major economic hazard issuing from interruptions or stoppages of employment, as judges by passage of such laws as the Social Security Act and the Employee Retirement Income Security Act. There is obvious great concern with employee health, as exemplified by workers,' compensation laws, the Occupational Safety and Health Act, and the Health Maintenance Organization Act. Perhaps the greatest degree of employee-initiated lies in the facilitative services area, such as child care, vanpooling, housing, recreation, counseling, tuition, and so on. Labor unions have been most prominent in steadily increasing the amount of pay for time not worked, such as holidays, vacations, rest periods, and so on. Professional personnel managers should be concerned with enhancing organizational returns for this major investment in employee attitudes.

3.20 Implementation in AP, ITC Limited, ABD ILTD:

ILTD is a best paymaster in Tobacco Industry. The basic pay for any employee will be determined by conducting the surveys like:

1. Occupational Wage Survey

2. Regional Wage Survey
3. Specific industry Occupation Survey

And also considers the Minimum Wages Act.,

In order to find out the relative worth of the job the ILTD verifies various necessities of the job like Knowledge, Skills required, Ergonomics, Risk and will take these measures in any rating scale.

There are number of fringe benefits in IL TD

Those are:

(i) Special allowance:

These will be paid to the employee based on the service

Technicians:

	T1&T2	T3	T4	T5
3-7 years	90	110	125	145
< 14 years	125	160	140	215
< 21 years	150	185	215	240
> 21 years	175	210	240	273

(ii) Retaining allowance:

This allowance will be payable to seasonal clerical! class' A' employees in order to retain them.

There will be no retaining allowance to those employees who are not completed minimum 5 years of service.

1000/- per month for those who have completed 5 years of seasonal service, but less than 15 years.

1100/- per month for those who have completed 15 years of seasonal service but less than 25 years.

1200/- per month for those who have completed 25 years of seasonal service or above.

(iii) Quality of life allowance:

This allowance will be 110/- per month to all class 'A' employees.

(iv) Educational allowance:

This allowance will be 200/- per month to all class 'A' employees in S2; & S3 grades.

In case of technicians also this will be 200/- per month.

(v) Conveyance allowance:

For S3 grade: 700/- per month

For S2 grade: 600/-per month

For technicians:

T1 300/- per month

T2 300/- per month

T3 400/- per month

T4 500/- per month

T5 500/- per month

(vi) Attendance allowance: For all Glass' A' employees

250/- per month for those who have taken leave (CL\SL\EL) upto a maximum of 3 days.

225/- per month for those who have taken leave (CL\SL\EL) upto a maximum of 4 days.

200/- per month for those who have taken leave (CL\SL\EL) upto a maximum of 5 days

No attendance incentives for those who have taken leave more than 5 days.

(vii) For technicians:

200/- per month to those who have availed upto 2 days of leave in a month.

150/- per month)o those who have availed upto 3 days of leave in a month.

No attendance incentive to those who have availed more than 2 days of leave in a month.

(viii) Other allowances:

For class 'A' employees:

Plant allowance: 5/- per day

Midnight shift allowance: 5/- per day

Washing allowance: 40/- per month

Medical assistance: 750/- per annum (Non seasonal)

Medical assistance: 600/- per annum (Seasonal)

(ix) For technicians:

Plant allowance: 3.50/- per day

Midnight shift allowance: 3.50/- per day

Washing allowance: 40/- per month

Stitching allowance: 250/- per annum

(x) For class 'B' worker:

Plant allowance: 3.50/-per day

Midnight shift allowance: 2.50/- per day

Washing allowance: 40/- per month

Medical assistance: 400/- per annum (Non-seasonal)

Medical assistance: 300/- per annum (Seasonal)

Boiler house workers/stokers: 4.50/- per day

Coal haulers: 3/- per day

Latrine sweepers: 2/- per day

(xi) Leave Travel Assistance:

For non seasonal class 'A' employees

Physical attendance of 95% during the calendar year 5000/- per annum

Physical attendance of 90% during the calendar year 4500/- per annum

Physical attendance of 85% during the calendar year 3850/- per annum

Physical attendance of less than 85% during the calendar year NIL.

(xii) For seasonal class 'A' employees

"Employees who avail leave (CL\SL) upto a maximum of 10 days

Employees who avail leave (CL\SL) upto a maximum of 12 days Employees who

avail leave (CL\SL) up to a maximum of 15 days Employees who avail leave (CL\SL) more than 10 days NIL.

(xiii) For technicians:

Physical attendance of 250 days and above 3500/- per annum.

Physical attendance of 240 days to 249 days 2500/- per annum.

3.21 For class 'B' workers

(i) Non seasonal

Workmen availing leave without pay up to 5 days during the calendar year. 600/- per annum.

Workmen availing leave without pay up to 6 days during the calendar year 500/- per annum.

Workmen availing leave without pay up to 7 days during the calendar year 400/- per annum.

Workmen availing leave without pay up to 8 days during the calendar year 300/- per annum.

Workmen availing leave more than 8 days during the calendar year, there will be no leave travel assistance.

(ii) Festival advance:

This will be 1500/- for all Non seasonal and Seasonal class 'A.'. This amount will be recovered in 6 equal monthly installments @ 250/-per month.

For non seasonal class 'B' worker the factory will provide an amount of 800/- and this will be recovered in 10 equal monthly installments @ 80/- per month.

For seasonal class 'B' worker the factory will provide an amount of 600/- and this will be recovered in 24 equal weekly installments @ 25/- per week.

3.22 Implementation in ITC Limited, ABD ILTD, Chirala:

In ILTD, there is both upward and downward communication. Whenever the manager wants to transmit his commands and any information he will use downward communication. The channels used in downward communication are bulletin boards, company periodicals, and letters to the employees, annual reports, and labour union-group meetings. Whenever an employee has grievances, he will use upward

communication i.e., first he will inform it to his supervisor and then to his shift in charge and next to, Departmental member. The used upward channels are face to face contacts, special departmental wide elected members that meet with top management periodically, open, door policy, and the labor union. In down ward communication some times the managers will come to shop floor and talk to the employees' regarding their problems and they will counsel the employees if necessary. The management gave authority to the machinery operators to stop the machine with out the permission of the management if there is any problem with the machinery that is presently working. The employees are always welcome to give any suggestion regarding any problem. The management examines the pros and cons of those suggestions. If the management feels that the suggestion will contribute to the growth of the organization then they will implement those suggestions.

Regarding the health and safety facilities ILTD occupies the highest position in Tobacco Industry. The medical test that will be conducted for the employees before giving the employment is highly standards. The working environment in ILTD will contribute to some occupational diseases so the factory provided the all necessary health and medical facilities to overcome those diseases. There are frequent medical checkups for employees. There is one medical retainer who will available round the clock. If an employee needs any major operation then the factory will send him to the well known hospital on its own expenses. Incase of death of an employee the factory will provide necessary compensation with referring to the factory standing orders and necessary acts.

The factory provided the music facility to the employees while they are working in order to avoid the boredom of doing the work.

3.23 SEPERATION

With the first function of personnel management being that of procuring employees from society for use in the organization, it is logical that the - final function should be the return of those employees to that same society. Separation process can be done through:

- (1) The retirement of older employees;
- (2) The layoffs or release of qualifies younger employees no longer needed by the

organization; and

(3) The discharge of employees who do not meet the organization's expectations.

With the increasing age level of our population, retirements will constitute the most common type of separation. Moving from a productive role to one deemed by some as "role less" calls for years of preparation. The trend is in the direction of voluntary retirement and voluntary attendance to informational programs that will facilitate this transition. Financial status is a key element that makes for successful retirements. Public retirement income is required under the Social Security Act and private retirement income plans are controlled by the Employment Retirement Income Security Act. The second key element is in providing assistance in helping the employee utilize her or his leisure time.

Separation of employees through layoff also requires controls and financial assistance. Unemployment compensation is required in all 50 states under the general guidance of the federal government. Some firms supplement these monies with extra benefits of their own. Planned out-placement processes can facilitate release of highly skilled professional employees no longer required.

Perhaps discharge of persons is the most distasteful form of separation. Such discharges for unionized employees are under general review of a grievance procedure ending up in arbitration. For non-unionized personnel, only laws and courts can serve to restrict the power of the private employer in discharging personnel. The tendency in modern times is to gradually restrict the employer in this major decision process. Discharge because of union activity, sex, age, color, religion, race, and nationality is legally prohibited. Discharges because of disloyalty, insubordination, and the like are still legal until challenged in court in specific cases.

3.24 Implementation in ILTD:

Standing orders regarding Separation:

The employment of any clerical (Non seasonal) or class 'A' (Non seasonal) worker may be terminated by fifteen day's notice or by the payment of fifteen day's wages in lieu of notice. The employment of any clerical (seasonal) class 'A' (seasonal) and any class 'B' worker and any Learner-Worker may be terminated with out notice

payment being made up to and including the day on which his employment is terminated.

Where the employment of any person is terminated by or on behalf of the company the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment way terminated.

Every clerical class 'A' and class 'B' worker will be retired after one month notice the services of the company on the 58th anniversary of his birth. This will be done on 31st December of the year in which he is completed 58years of age irrespective of his date of birth.

The retiring employees are entitled to the following benefits:

1. Salary for the last month/week
2. Gratuity
3. E.P.F
4. Pension
5. Retail; gift.
6. Bonus
7. Leave encashment
8. P.F.Pensions.

Any clerical (Non seasonal) or class 'A' (Non seasonal) worker desirous of leaving the company's service shall give fifteen day's notice to the Head of his Department. Any clerical (seasonal), class 'A' (seasonal),class 'B' probationary or Learner-Worker may leave the service of the company without notice. The wages due to such worker should if possible were paid on the day the notice expires and in any case with in two days after the expiry of the notice.

If any clerical (Non- seasonal) or class 'A' worker (Non-seasonal) leaves the services of the company without notice he shall be liable to be used for damages.

In the event of an employee passing away while in service, necessary actions to settle his final dues at the earliest possible to family if those employees are usually the following.

1. Salary/wages up to the last working day
2. Gratuity
3. Provident Fund
4. Family pension
5. Funeral expenses
6. Benevolent Fund
7. Bonus
8. Leave encashment

3.25 Recruitment, Confirmation and Promotion

The procedures covering the Recruitment, Confirmation and Promotion within the three categories are different, as they have to cater to the specific characteristics of the Category. The seniority list of Seasonals as well as Non-seasonals giving the details of their Service, Date of Birth, Qualifications etc., is known as “Blue print” which forms the basis for many decisions that are taken during the service of an employee.

Manpower requirement is fixed based on the activities, technology levels, work procedures and customer requirements in vogue at a given point of time. Whenever up gradation of technology or change in work procedures result in elimination of any activity, the seasonal manpower requirement is reworked and accordingly engagement / recruitment is done in the following year.

Before recruitment action is initiated in any category, vacancies have to be notified to the respective employment exchanges by the Unit Personnel Manager/ Employees Relations Manager as the case may be.

(i) Clerical / Class A

Recruitment

The Clerical / Class `A` manpower shall be decided by a Committee consisting of Factory Manager, Management Accountant, Employee Relations Manager, Factory Personnel Manager and Factory Accountant, manpower is to be approved by Divisional Management Committee (DMC). The minimum

qualifications prescribed for a Seasonal Clerk is B.Com. In case of Lab Technicians and Quality Inspectors, the minimum qualification prescribed is B.Sc.

After the manpower is worked out as mentioned above by the Committee, selection and recruitment if any required shall be done at Divisional Head Quarters (DHQ) Guntur which will be co-ordinated by Employee Relations Manager. Selection process consists of practical / written test and interview only.

After the selection, the candidates are put through a detailed medical examination at DHQ, Guntur. Only on being found medically fit, appointment offers shall be issued.

On reporting for duty, the Factory Personnel Manager is to ensure that the allocation of duties of these candidates shall be intimated to them in consultation with the Factory Accountant.

A Punch Card with the photograph of the employee shall be issued to him along with a Medical Identity Card giving details of his family members for use in the Company's Dispensary, where applicable.

(ii) Confirmation

A Seasonal Employee when appointed against a Non-seasonal vacancy, arising due to wastages is such to have been confirmed as a Non-seasonal employee.

The second type of confirmation takes place in the case of a Non-seasonal Clerical / Class `A' employee recruited and put on probation. Confirmation in this case is after successful completion of probationary period. Probationary period in all such recruitments is 6 months.

Confirmations into Non-seasonal Category is done on a Divisional Seniority basis. The Unit Personnel Department shall inform to Employee Relations Manager / Management Accountant latest by August of every year, the vacancies that are likely to arise due to wastages during the year.

A Seasonal Clerical / Class `A' employee when recruited is allotted a SMR No. On confirmation into Non-seasonal category, the Number shall be S&BR as per the serial. Both numbers are given at DHQ.

Based on the Seniority in Seasonal category and also considering the Graduate quota (80: 20), the Employee Relations Manager will issue confirmation letters. While making the Seniority list, it should be ensured that only those Clerical / Class `A' employees who have put in a minimum one month service during the season are given credit for the Season in their service. If any of the employee fails to put in a minimum of one-month service, he shall be treated as being absent for the year and become junior to his colleague of the same batch. Copy of the confirmation letter is at Annexure.

In a year if there are 5 vacancies one of the 5, a candidate shall be a Graduate. If the confirmations are less than 5, no separate quota for Graduates provided.

While issuing the confirmation letters, it is possible that junior in the list of employees being confirmed may already be on duty in a particular Unit, which is in operation, and the senior might not be working. In such a situation, the date of continuous service in the case of seniors shall be taken as the same as that of the juniors and salary for the intervening period shall be paid to the seniors. The Senior Employee shall be paid salary from the date of continuous service till the date he is confirmed.

(iii) Promotion

Promotions within the Clerical category are restricted to the scales S-2 to S-3 only. There is an identified distribution of S-3 jobs within the Unit thereby fixing the number of S-3 Clerks. Whenever, there is a vacancy in the S-3 scale by virtue of retirement or any other reason, the Unit Personnel Manager shall discuss the cases of the Senior most S-2 Clerks with the Unit Accountant and make recommendations to Employee Relations Manager at DHQ. The basis of Promotion from S-2 to S-3 is Seniority-cum-Merit.

Merit for this purpose shall mean minimum "3 GOOD" ratings in the preceding 3 years. Promotions shall be effective 1st January and communicated from DHQ latest by 25th of December after approval from the Divisional Board.

3.26 Technician

Recruitment

The assessment of manpower is done based on the activities, work practices, work procedures and technology at a given point of time. Therefore, the manpower varies depending upon the changes that have occurred during a period.

After recruitment, the Technician is allotted a Number during the Probationary period. On confirmation S&BR Number is issued from DHQ.

The method of filling up a vacancy by promotion in Technician category shall be in accordance with the Promotion Policy of 1989, later incorporated in the Long Term Agreement of 1995. Only vacancies in T4 and T5 can be filled-up either by promotion or by direct recruitment. In all other categories, vacancies are filled only by direct recruitment. If the vacancy is to be filled-up by external recruitment, the recruitment policy approved by the DMC, which is detailed below should be followed.

T1 - T3 Categories :

Qualification	:	I.T.I 1 st class
Method of Selection	:	Trade Test to be conducted by competent consultants and interview to be conducted by a panel consisting of Managers from Technical and HR Functions.
Entry	:	Candidates scoring more than minimum qualifying marks as decided during the process. Fresh candidates directly from Institutes – into T1. Experienced candidates, minimum 3 to 5 years - into T2 or T3.

T4 Category

Qualification	:	1 st class I.T.I with more than 10 years experience. 1st class Diploma Holders - fresh from College
Method of Selection	:	Trade Test and Interview to be conducted by a panel consisting of Engineering Manager, Factory Engineers of both Factories, Production Manager, Technical Training Manager and ER Manager
Entry	:	Into T4 at appropriate salary commensurate with experience.

T5 Category

Qualification	:	1 st class diploma in Engineering.
Experience	:	Minimum 5 years in the required trade
Method Of Selection	:	Trade Test and Interview to be conducted at Training Center, Chirala by a panel consisting of both Factory Managers, Engineering Manager, Factory Engineers of both Factories, Technical Training Manager and ER Manager.
Entry	:	Into T5 at appropriate salary commensurate with experience.

Promotion

All promotions are done with the approval of Divisional Board effective 1st January.

Promotions from T-1 TO T-2 & T-2 TO T-3 Scales

The Promotions will be regulated by either of the following two criteria and will be applicable only to those who possess the ITI qualification in the trade concerned.

a. Normal Promotion:

- a. Five years service in T-1 / T-2 scale, as the case may be.
- b. Minimum merit rating during the five years; average and above.
- c. No disciplinary action in the three years preceding the promotion

b. Accelerated Promotion:

- a. Minimum two years in Scale T1 / T2 as the case may be.
- b. "VG" merit rating for two consecutive years or three "G" rating for three consecutive years preceding the year of Promotion.
- c. 96% of attendance including annual leave in the year immediately preceding the year of Promotion. All other leave, a person would have availed will be excluded in calculating the above attendance.
- d. No disciplinary action during the three years preceding the date of Promotion.

T-3 TO T-4

Promotion from T-3 to T-4 Scale for Electricians and Mechanics will be made on the following criterion:

- a. Availability of vacancy in T-4 Scale.
- b. Minimum seven years service in T-3 Scale. In the case of those who entered EMR/4 Scale, prior to 1986, the date of entry into that Scale will be taken into account for computing the service in T-3 Scale.
- c. Minimum three "G" Merit Ratings during the eligibility period of seven years provided at no time, the Merit Rating was "Below Average" in any year.
- d. Minimum qualifying marks shall be 50% in the Trade Test to be given by the Management.
- e. No disciplinary action in the three years preceding the promotion.
- f. However, Technicians in T3 Scale (excluding non-ITIs) fulfilling the above criteria will be considered for promotion to T4 Scale, even when vacancies do not exist in T4 Scale, subject to their satisfying the following additional conditions:

- i. Minimum "VG" merit ratings during the eligibility period of seven years.
- ii. In the three years preceding the promotion, should have made specific and identified contributions towards improvement of productivity, systems and procedures, safety standards or elimination / reduction of waste, duly recorded in the additional appraisal form referred to in clause - 2 above.

Promotions from T-3 to T-4 scale are subject to the following

- a. Availability of vacancy in T-4 Scale relevant to Mechanics and Electricians.
- b. Wherever new specialized jobs are created in T-4 Scale to meet the needs of Technology, such positions will be filled by direct recruitment of Diploma Holders / Experienced ITI candidates as deemed fit by Management.
- c. Against vacancies in T-4 for which Mechanics and Electricians are considered, all eligible candidates will be offered two chances. If a vacancy could not be filled by Promotion after giving such chances twice, the same will be filled by direct recruitment.
- d. Boiler Attendants will not be covered by the Scheme. However, those who complete 1st Class, will be upgraded to Scale T-4 irrespective of vacancies, but on such promotion, the persons concerned will continue to discharge functions of T-3 Boiler Attendants. Such Promotions will be deemed as individual recognition for attaining higher qualifications.

T- 4 To T- 5

All positions in Scale T-5 will be filled by direct recruitment by the Company. However, Management may at its sole discretion, consider candidates who have performed outstandingly well i.e., 3 Very Superior Ratings in the preceding three years in T-4 Scale, as and when such opportunities come up.

Confirmation

Every Technician after recruitment shall be put on a minimum probation of 6 months. During the period of probation, a monthly performance appraisal report is to be prepared and forwarded to Employee Relations Manager, Guntur.

The final month's report shall specify clearly the suitability of the employee for confirmation or Otherwise. Extension in probation shall be in exceptional cases only. Care should be taken to ensure that immediate information is given to the employee concerned in the event of his falling short of expectations in his performance during his probation period. The responsibility shall lie with the Unit Personnel Manager to ensure timely appropriate communication to the employee.

In cases where clearance of probation is recommended by the concerned Head of the Department and the Factory Manager, the Employee Relations Manager shall issue a letter of confirmation.

3.27 Class `B' Workers

(i) Recruitment

Consequent on the introduction of Badlis / Gate Casuals as per Long Term Agreement dated 15.04.1999 the entry point for a Class 'B' worker is as Badli / Gate Casuals.

Nominees (Son or Son-in-law) of retired, deceased, medically unfit employees of the Company shall be given preference while enlisting badlis, subject to the following conditions.

- a. Age shall be between 18 - 30 years
- b. Should be declared physically fit by the Company's Doctor.
- c. No adverse remarks in antecedent verification.

Note: The preference for the nominees of ex-employees, as mentioned above, shall be applicable to vacancies that are generated due to retirement, death and medical discharges. For those vacancies, arising due to any other reasons, the Company shall have the right to recruit Badlis from any source other than the nominees of employees.

Before commencement of the processing operations, each Unit shall assess the manpower requirement based on the activities. In case the number required is in excess of the approved figures, DMC approval for increasing the Establishment should be obtained. The proposals shall clearly indicate the Seasonal and Non-seasonal component required.

Where Recruitment is necessary, the same shall be done from the nominees of Ex-Class `B' workers. Presently retired, deceased and medically discharged employees are given the opportunity to nominate.

Where the employee is deceased, his Wife or Legal Heir shall have the opportunity to nominate.

A list of Ex-employees who are being given the opportunity to nominate their family members shall be put up on the Notice Board in the order of their seniority. Sufficient time is to be given for them to submit their nominations.

On receipt of nominations, the Company shall have the right to re-check the same. If there is proof that the nominee is neither a Son nor a Son-in-law, or is in anyway unfit for employment. All the nominees are required to be medically examined and only on being found fit shall be offered appointment as Seasonal Class `B' Workers.

Seasonal Class `B' Workers shall be taken in as Learner Workers for a minimum period of 6 months. During this period, if it is found that employee's performance is not up to the mark, his services shall be terminated. Class `B' employees are allotted Disc Number. There shall be no change in the Number on confirmation. Numbers are issued at the Unit.

During the period of learning, all benefits as due to a Seasonal Worker shall be extended. Date of Birth shall be either on the basis of a Certificate of Date of Birth in the case of employees who have studied up to 10th Class. In the absence of the same, the Date of Birth as certified by the Company's Medical Retainer shall be final.

(ii) Absorption as Seasonal Workers

In the event of the Company requiring Seasonal Class 'B' Workmen, Badlis shall be considered against such requirement, subject to the following conditions:

- a. To be declared physically fit by the Company's Medical Officer.
- b. Seniority shall be based on number of days on which the badli presents him self at the gate and registers his presence.
- c. Good Attendance Record and no adverse remark on the performance of the job, during the period of engagement as badli.

(iii) Confirmation

Whenever there is a vacancy in the Non-seasonal Establishment, the senior most Seasonal Class `B' worker of the Unit concerned shall be entitled to be confirmed as a Non-seasonal worker. If there is any doubt about the employee's fitness, he should be referred for medical examination and only after obtaining medical fitness certificate, he should be confirmed as Non-seasonal worker.

In the following 3 categories, separate seniority list shall be maintained for confirmation into the Non-seasonal category:

1. Forklift Truck Drivers
2. Scavengers
3. Cooks

Since all these categories are specialized in nature, it would not be in the interest of the work to confirm a General Worker in these positions. Therefore, the system to be followed is that whenever a Non-seasonal vacancy arises in any of the above 3 categories, the senior most seasonal in that category shall be considered for confirmation. For example, if a Non-seasonal Forklift Truck Driver vacancy arises, the senior most Seasonal Forklift Driver shall be considered for confirmation. Similarly vacancies in Scavengers and Cooks shall be filled in.

For ensuring the independent seniority for General Workers and the above mentioned 3 categories separate seniority lists with separate Disc Numbers should be issued to the above 3 categories and General Workers. Filling up of a resultant seasonal vacancy in the above mentioned categories shall be as per the procedure mentioned in recruitment of Seasonal Class 'B' Workers.

3.28 PROFILE OF THE RESPONDENT

In this research, instead of interviewing the Managers and Non-Managers of ITC, ILTD DIVISION Chiral, a representative sample of two hundred sixty two Non-Managers and Eighty Managers drawn from Organisation. Realising well, that the sample should be truly representative population characteristics, without any bias or prejudice, the sample respondents in this research have been chosen very carefully, strictly at random from different groups. Based on age, education experiences, income, nativity, size of the family language etc. The sample represented adequate number of Non-Managers from almost all the departments in the organisation and the managers heading various departments in organization. Some of the break ups of the selected sample size of Two hundred sixty two Non-Managers and Eighty Managers are given in the form of frequency distribution tables. The values are represented in percentages.

Before we proceed to analyse the perceptions of the Non-Managers and Managers about HRD practices in the organisation, it is desirable to know their socio-economic-demographic profile.

An attempt in that direction has been made in the following pages.

AGE WISE DISTRIBUTION OF SAMPLE RESPONDENTS:

The age-wise distribution of both the Non-Managers and Managers is presented in table 3.2.

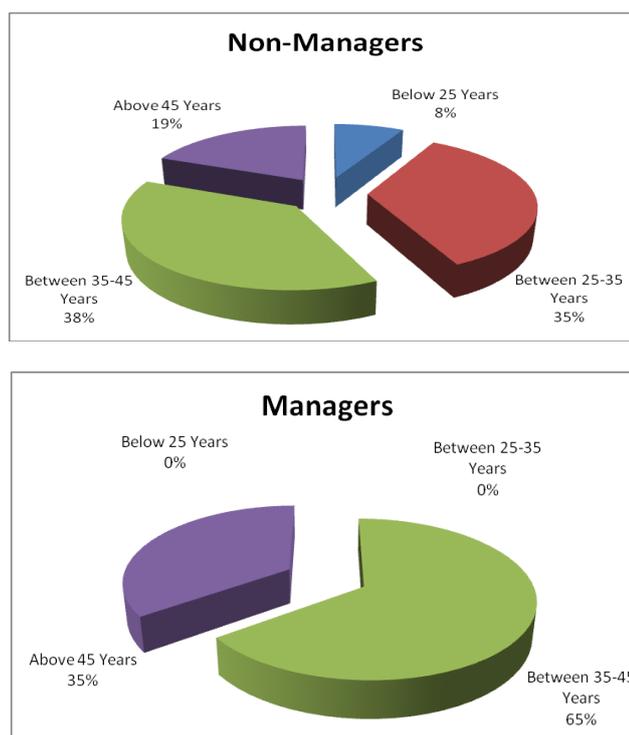
Table 3.2 Distribution of Sample Respondents – According to Age

Age	Non-Managers	%	Managers	%
Below 25 Years	20	8	0	0
Between 25-35 Years	92	35	0	0
Between 35-45 Years	100	38	52	65
Above 45 Years	50	19	28	35
Total	262	100	80	100

Source: compiled from survey data

It may be seen that nearly 73 percent of the Non-Managers belong to age group of 25-45 years. Only 8 percent of Non-Managers belong to the age group of below 25 years. From this one can infer that a significant percentage of Non-Managers belong to the matured group. Further in Managers category nearly 65 percent belong to the age group of 35-45 years. Here too the inference is that the Managers belong to the age of matured and highly matured group.

Graph : 3.2



DISTRIBUTION OF SAMPLE RESPONDENT BASED ON THEIR SERVICE:

The data pertaining to the number of years of service put in by the Non-Managers and Managers is presented in table 3.3

Table 3.3

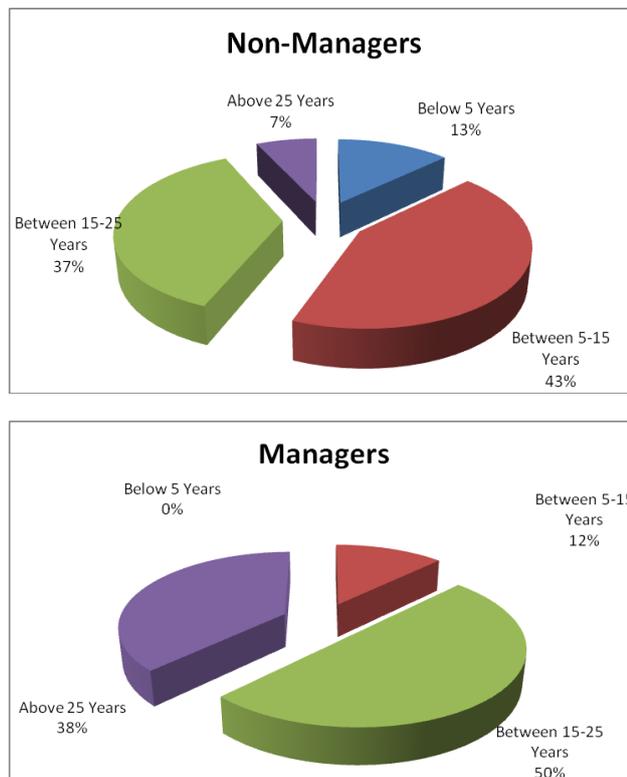
Distribution of Sample Respondents – According to Service

Service	Non-Managers	%	Managers	%
Below 5 Years	35	13	0	0
Between 5-15 Years	112	43	10	12.5
Between 15-25 Years	98	37	40	50
Above 25 Years	17	7	30	37.5
Total	262	100	80	100

Source: compiled from survey data

It may be observed that 43 percent of the Non-Managers have the experience in the group of 5-15 years and 37 percent of the Non-Managers belong to the group of 15-25. This further that, the Non-Managers are not only belonging to the matured group but also to the experienced group. Again in the Managers category nearly 62.5 percent each belong to group of 15-25 years and above 25 years.

Graph : 3.3



DISTRIBUTION OF SAMPLE RESPONDENT ACCORDING TO NATIVITY:

The data pertaining to the nativity of the Non-Managers & Managers have been gathered & presented in the Table 3.4

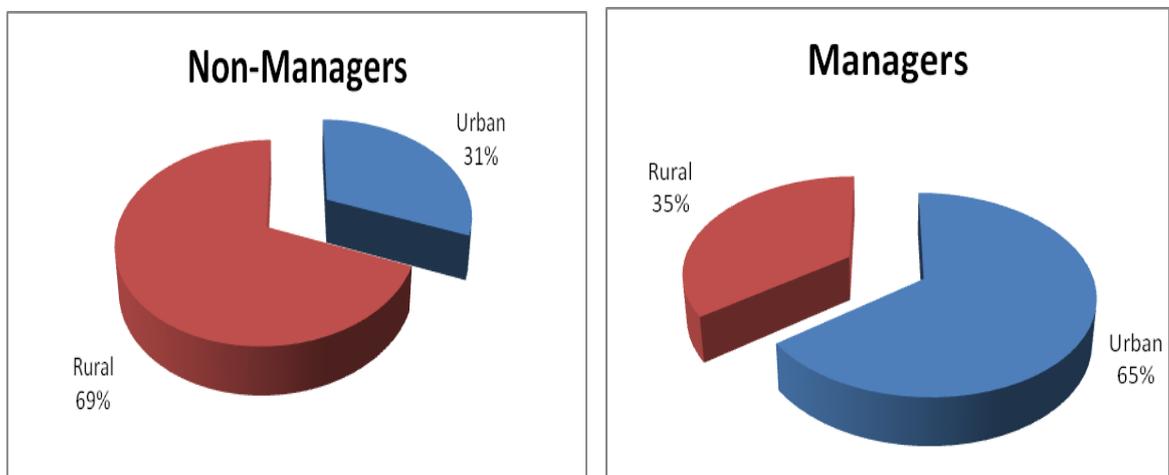
Table 3.4
Distribution of Sample Respondent According to Nativity

Nativity	Non-Managers	%	Managers	%
Urban	82	31	52	65
Rural	180	69	28	35
Total	262	100	80	100

Source: compiled from survey data

Such a data is useful to understand the social background of the respondents. Through the total Indian culture is common for the whole country there has been always variation in the urban and rural areas in this regard. It is evident from the table that 69 percent of the Non-Managers come from the rural background and 31 percent belong to the urban background. While 65 percent of the Managers belong to the urban group and 35 percent to the rural group. Thus it may be inferred at least outwardly that there is a wide gap between Managers and Non-Managers with regard to their social background. There could be conflicts between the groups in the normal situation but in reality it is not so. Since majority of Non-Managers have been working in the companies for a long length of time and they would have acclimated themselves to urban social environment.

Graph : 3.4



DISTRIBUTION OF SAMPLE RESPONDENT ACCORDING TO MOTHER TONGUE:

The data pertaining to the language spoken by the sample respondents has been presented in table 3.5

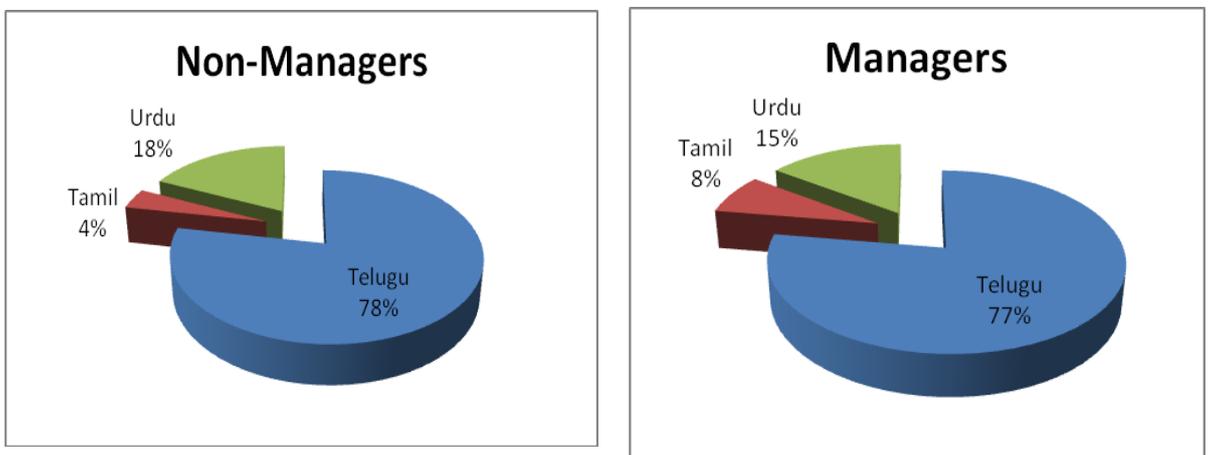
Table 3.5
Distribution of Sample Respondent - According to Language

Mother Toungue	Non-Managers	%	Managers	%
Telugu	205	78	62	77.5
Tamil	10	4	6	7.5
Urdu	47	18	12	15
Total	262	100	80	100

Source: compiled from survey data

If people speaking different languages are working in an organisation, it shows presence of multiculture in that organisation. Then there arises the problem of multiculturalism management, It is evident from the table that the majority of Non-Managers and Managers understand and speak in the Iocal language telugu. Nearly 4 percent of the respondent Non-Managers speak tamil and neglible percentage urdu and other languages. In the executive category nearly 77.5 percent of them understand and speak telugu. The next in the line is urdu speaking people who constitute 15 percent of the total sample respondent of Managers.

Graph : 3.5



DISTRIBUTION OF SAMPLE RESPONDENT ACCORDING TO SIZE OF THE FAMILY:

The data pertaining to the number of sample respondents belonging to either joint or single is presented in the table 3.6

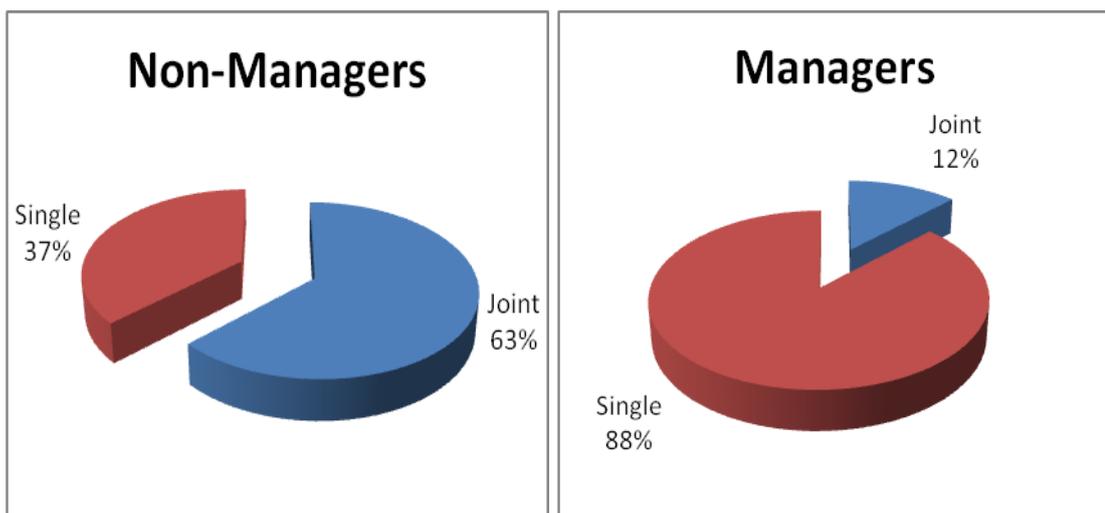
Table 3.6
Distribution of Sample Respondent - According to the size of the family

Family	Non-Managers	%	Managers	%
Joint	164	63	10	12.5
Single	98	37	70	87.5
Total	262	100	80	100

Source: compiled from survey data

It is interesting to note that nearly 63 percent of the Non-Managers belong to a joint family and 37 percent belong to the single family. But in case of Managers substantial number 87.5 percent of belong to the single family and only 12.5 percent belong to the joint family. This shows a wide variation between Non-Managers & Managers as far as the size of the family is concerned.

Graph : 3.6



DISTRIBUTION OF SAMPLE RESPONDENT BASED UPON MARTIAL STATUS:

The data pertaining to the number of sample respondents belonging to either married or unmarried category is presented in table 3.7

Table 3.7

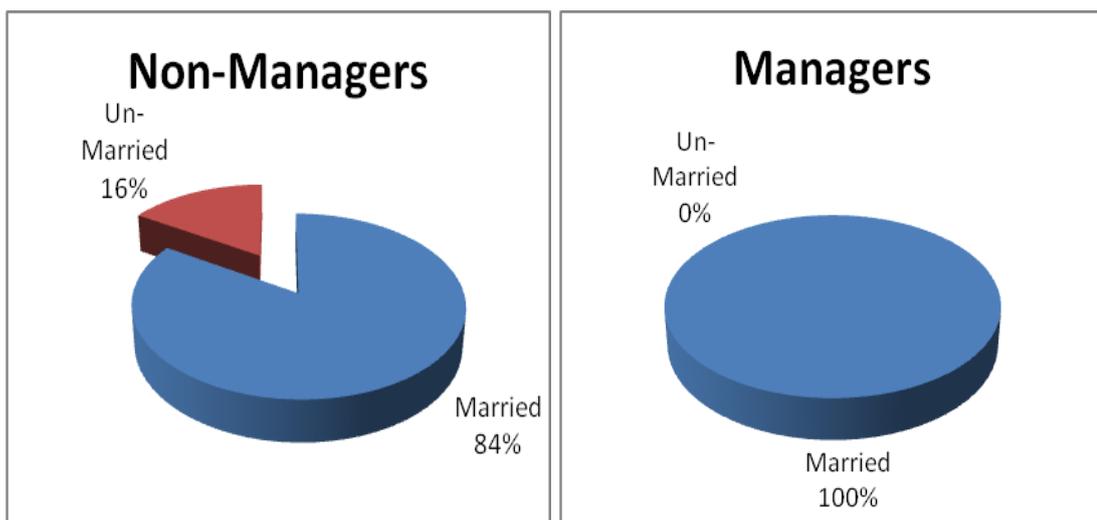
Distribution of Sample Respondent - According to Martial status

Martial Status	Non-Managers	%	Managers	%
Married	220	84	80	100
Un-Married	42	16	0	0
Total	262	100	80	100

Source: compiled from survey data

The adage that “marriage” makes a person mature and responsible holds good in the respondent companies. 84 percent of Non-Managers are married and only 16 percent belong to the unmarried category. In the executive group all the respondents come under the married category. The researcher could interact with these matured, experienced and responsible respondents.

Graph : 3.7



**DISTRIBUTION OF SAMPLE RESPONDENTS NON-MANAGERS
ACCORDING TO NATURE OF JOB**

The data pertaining to the number of sample respondent Non-Managers belonging to the group of skilled or unskilled.

Table 3.8

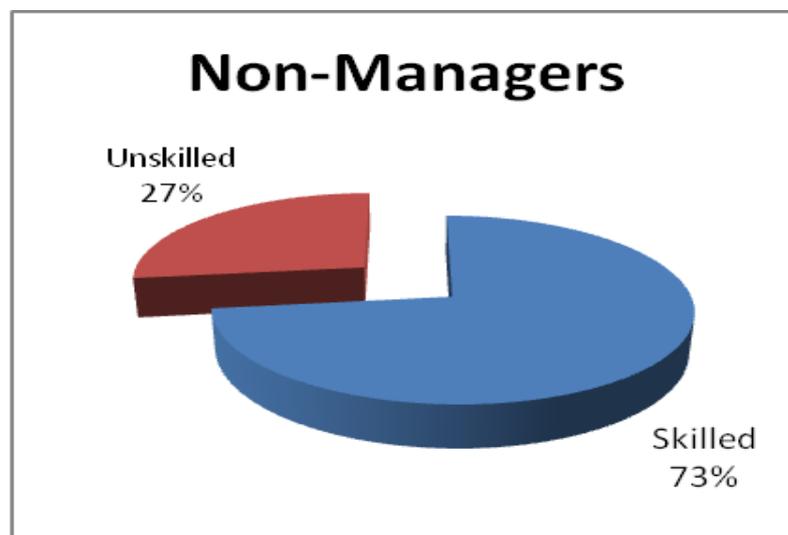
**Distribution of Sample Respondents - According to Nature of their Job
Non-Managers**

Job	Non-Managers	%
Skilled	192	73
Unskilled	70	27
Total	262	100

Source: compiled from survey data

The managerial skill needed to manage the skilled & unskilled Non-Managers has to be different. Normally skilled Non-Managers are relatively more educated than the unskilled Non-Managers. Managing the skilled Non-Managers is relatively again easier. In table a distribution of respondent Non-Managers based on the nature of job they perform is presented. It may be observed that more than 73 percent of Non-Managers are doing the skilled job.

Graph : 3.8



DISTRIBUTION OF SAMPLE RESPONDENT BASED ON THEIR EDUCATIONAL BACKGROUND:

A distribution of the sample respondent Non-Managers based upon their educational background is presented in table 3.9

Table 3.9

Distribution of Sample Respondent - According to their Background

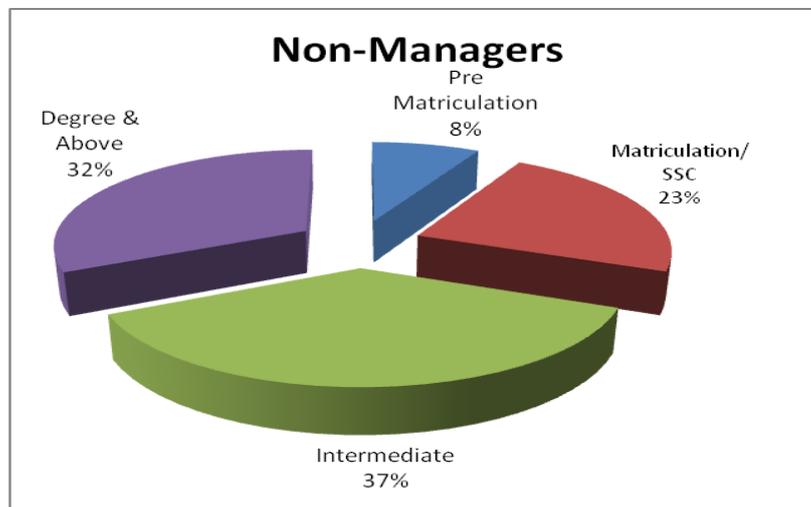
Non-Managers

Educational Qualification	Non-Managers	%
Pre Matriculation	21	8
Matriculation/SSC	60	23
Intermediate	96	37
Degree & Above	85	32
Total	262	100

Source: compiled from survey data

It may be seen that nearly 100 percent of the respondent Non-Managers are educated, but the level of education varies within this broad category. Nearly 8 percent come under pre-matriculation category, 23 percent under matriculation, 37 percent under pre-university and 32 percent under degree and above.

Graph : 3.9



**DISTRIBUTION OF SAMPLE RESPONDENT NON-MANAGERS
BASED ON THEIR INCOME:**

The distribution of the data pertaining to the Non-Managers income is presented in table 3.10

Table 3.10

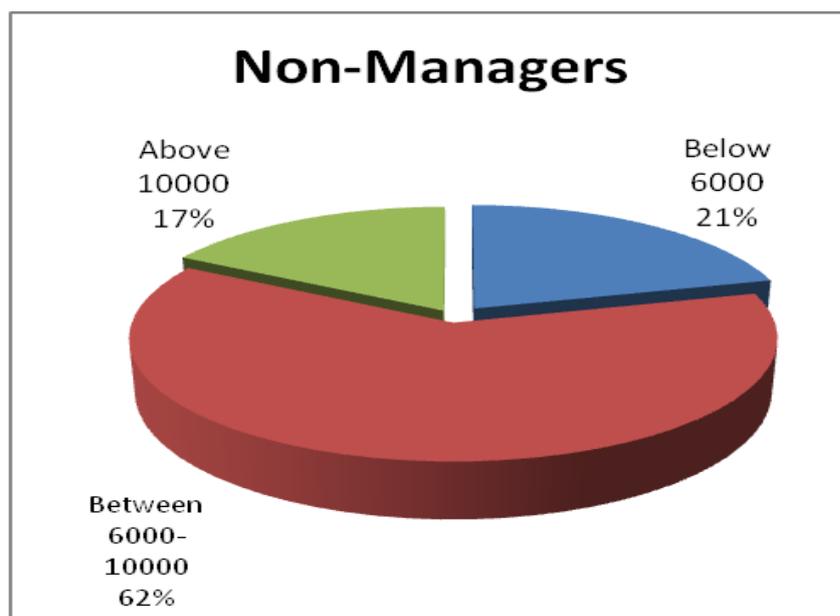
**Distribution of Sample Respondent - According to their Income
Non-Managers**

Income (in rupees)	Non-Managers	%
Below 6,000	56	21
6,000 – 10,000	162	62
10,000 And Above	44	17
Total	262	100

Source: compiled from survey data

It may be seen that 62 percent of Non-Managers belong to the income group of Rs.6000-10,000, 17 percent of Non-Managers belong to the above 10,000. 21 percent of the Non-Managers belong to the income group of below Rs.6000.

Graph : 3.10



**DISTRIBUTION OF SAMPLE RESPONDENT MANAGERS BASED ON
THEIR INCOME:**

The distribution of the data pertaining to the sample respondent Managers according to the group of income is presented in table below.

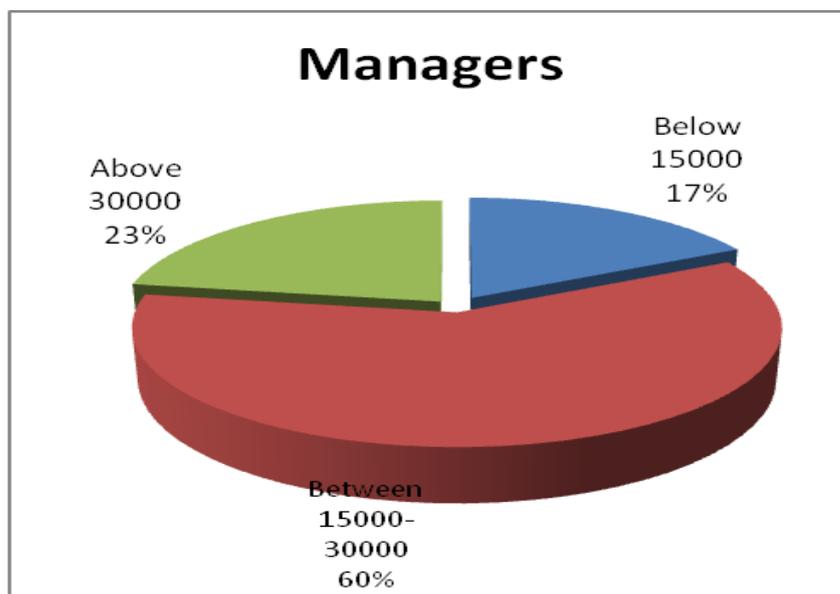
**Table 3.11
Distribution of Sample Respondent - According to their Income**

Income (in rupees)	Managers	%
Below 15000	14	17.5
Between 15000-30000	48	60
Above 30000	18	22.5
Total	80	100

Source: compiled from survey data

The data reveals that 22.5 percent of Managers belong to the income group of above Rs.30000. 60 percent belong to the group of income Rs.5000-30,000. Further 17.5 percent of the Managers belong to the income group of below Rs.15000. it can be inferred that a majority of Managers belong to the Rs.15000-30,000 income group.

Graph : 3.11



A perusal of the statistical data presented in the preceding pages reveals that:

- a) Majority of the Non-Managers belongs to the age group of 25-45 years. This indicates that the workers are matured;
- b) Majority of the Non-Managers have experience in the range of 5-25 years. This indicates the loyalty of the Non-Managers towards the organization and also reflects on the better man-management practices of the company.
- c) Majority of the Non-Managers though come from the rural background have acclimatized themselves with the urban industrial environment;
- d) The respondent companies have followed a theory of “Sons of soil” as majority of the respondents know the local language viz. Telugu.
- e) Whereas, majority of Non-Managers belong to joint families, majority of the Managers belong to single family;
- f) Significant percentages of Non-Managers are unmarried, whereas majority of executive respondents come under the married category;
- g) Majority of the Non-Managers are skilled Non-Managers and their educational background ranges between pre-matriculates and degree, comparatively substantial number are matriculated; and
- h) Nearly 62% of Non-Managers belong to the income group of Rs.6000-10,000 and 60% of Managers have income between Rs.15,000-30,000.

Thus the sample respondents are matured, experienced and educated. The data gathered from these respondents is obviously reliable and accurate.

Further in the forthcoming chapter, the analysis of perceptions of the respondent Non-Managers and Managers about HRD practices in ITC. ILTD DIVISION is carried out.

3.29 SUMMARY

Tobacco is a major contributor to agrarian economy of India. Six- million from laborers find a gainful employment in tobacco farming. In Agri Business Division ILTD has history of 85 years of partnership with farmers and leadership cultivate in of cigarette tobacco. The first activity in Chirala was in the year 1918, started with leaf buying, redrying factory was setup in year 1926. The total manpower of ITC limited Chirala 3020, if includes managers and non managers. Employers are happy with the adequate compensation package and incentives.

The profile of the respondents can be understood that their average age is in between 35 to 45 years, Average service is in between 15 to 25 years, most of them are urban brought, $\frac{3}{4}$ of respondents are mother tongue is Telugu, 87.5 percent of the respondent as with single families their degree (32%) and SSC (23%) respectively. $\frac{3}{4}$ of the above respondents are skilled. The non-managers average income is in between Rs: 6,000 to Rs: 10,000 whereas management respondents average income is in between Rs: 15,000 to 30,000.

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