

***CHAPTER THREE***

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**PROFILE OF STUDY ORGANIZATION**

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### **PROFILE OF STUDY ORGANIZATION**

#### **3.1 INTRODUCTION**

The present work is a case study of the wage and salary administration in PELMA ENGINEERING PRIVATE LIMITED (ELMECA WORKS), having its registered office in Mumbai and factory in Dharwad City of Karnataka State. In this Chapter, a brief profile of the study organization is being presented.

#### **3.2 HISTORY**

PELMA ENGINEERING PRIVATE LIMITED (ELMECA WORKS) was incorporated under the Companies Act, 1956, as a private limited company in the year 1959 by Shri.A.Y.Gurhosur and Shri.C.S.Desai, for manufacturing pump rings, diesel engines and spareparts, electric motors and grinders.

Since 1959, the company has underwent some changes in its ownership. After the original founders retired, Shri.B.P.Ganatra took over the Company for sometime, but in 1980, handed it over to Shri.Harsh C.Desai, son of one of the founders. Shri.A.M.Jeengouda took over the company from Shri.H.C.Desai sometime thereafter. Presently, Shri.Jeengouda is the Chairman of the Company, who is assisted in running it by a Board of Directors.

Since the Company manufactures electrical and mechanical equipment, its product

carry the brandname 'ELMECA'. The brandname is also incorporated in the Company's registered name as above.

Since beginning, the factory works in three shifts of eight hours each as first shift from 7.00 AM to 3.30 PM, second shift from 3.30 PM to 12 midnight, and the third shift from 12 midnight to 7.00 AM.

### **3.3 LOCATION**

Elmecca Works is situate in the City of Dharwad in Karnataka State. Although Dharwad City has a population of about five lakh people, the area is considered industrially backward. In fact, when it was set up in 1959, Elmecca Works was the first industrial unit in the city.

The factory complex comprises Administrative Building, Main Factory Building, Maintenance Room and Boiler Room, Stores, Locker Room, Time Office and a Canteen for employees.

### **3.4 OBJECTIVES**

The objectives of the Company as set out by its original founders were, and continued to be today, are:

1. To produce quality goods,
2. To create employment opportunities,
3. To undertake all activities for the allround welfare of the people/ employees of the Pelma Engineering Private Limited (Elmecca Works),
4. Promotion of business,
5. Earning of reasonable profits.

### **3.5 MANAGEMENT**

Upto the year 1992, the Company had a Commercial Division that looked after sales, accounts and purchase functions, headed by Mr.B.M.Ganatra, a Director of the Company. The Company also had a sales office in Bombay. In 1992, after Mr.M.B.Chougula took over as the Executive Director, the division of work was reorganized. It now has separate departments for production, quality control and inspection, purchase, sales, accounts, and research & development. Each department is headed by a Manager, who is supported by assistant managers.

In the organizational hierarchy, there is the Board of Directors at the top and the Executive Director is answerable to it. The Department Managers, in turn, are answerable to the Executive Director. Each Department is further subdivided into different sections, each headed by an assistant manager. The Company thus is a line and staff organization.

### **3.6 PRODUCTION**

Over the years, the Company acquired the expertise and experience to produce more complex items. Hence, diversifying from its original product range of pump rings, diesel engines and spareparts, electric motors and grinders, it now produces milling adaptors, reduction milling sockets, collets, collet chucks, vertical indexing and non-indexing fixtures, micro-boring heads and quick change drill chuck with collets. These items are the standard fitments on CNC (computerised numerically controlled) machinetools. It supplies its products to both OE (original equipment) manufacturers as well as to the replacement market.

### 3.7 MANPOWER

During the study period of five years (1991-92 to 1995-96), the manpower strength of the Elmecca Works was as under:

**Table 3.1**  
**Manpower Strength during 1991-92 to 1995-96**

Category	1991-92	1992-93	1993-94	1994-95	1995-96
1. Managers	7	4	4	4	4
2. Admin.Staff	18	14	11	15	16
3. Inspectors	12	7	7	6	7
4. Supervisors	10	8	6	7	8
5. Workers	69	52	53	62	66
Total	116	85	81	94	101
Average for 5 years			95		

### 3.8 PERSONNEL POLICY

The Company has a Personnel Department headed by a Personnel Manager. It is concerned with personnel management and industrial relations. The responsibilities of the Department include obtaining and maintaining adequate manpower, selection, placement, training, promotions, transfers, discharge, etc. The following are the personnel policies broadly practised by the Company.

1. Recruitment:

Company adopts both formal and informal channels of recruitment. Among the formal channels, use is made of local newspaper advertising, while the informal channel of recruiting employee relatives and acquaintances is used occasionally.

2. Selection:

The required number of personnel are selected in relation to the nature of the work for which they are being recruited. The main selection method is 'application form + personal interview'. The selection committee for the floor level workers comprises the personnel manager, department manager and the section head; while the selection committee for administrative positions comprises one sitting Director, personnel manager and department head.

3. Training:

Irrespective of the nature of the job for which they have been hired, all recruits have to undergo on-the-job training of one year. After the training, they are on probation for a period of one year. It is only after the satisfactory completion of the training and the probation, they are confirmed in the Company's employment.

4. Transfers:

The Company's registered office is situate in Mumbai and the factory is situate in Dharwad City. Every worker and employee is liable to be transferred from one department to another according to the Company's convenience.

5. Promotions:

No worker or employee can claim the promotion as a matter of right, but the management uses its discretion while filling up the vacant posts. In all matters pertaining to promotions, the management is the final authority.

6. Termination:

- (a) For terminating the employment of a permanent employee, the company gives month' notice in writing to administrative/ supervisory employees and two weeks' notice to other workers. In lieu of notice, one month's or two

weeks' pay, as the case may be, is paid by the Company. Reciprocally, the same procedure applies when a permanent employee/worker desires to leave the Company's employment.

- (b) When the employment of any workman is terminated by either side, the wages earned by him and other dues, if any, are paid before the expiry of the third day from the date on which the employment is terminated.

7. Retirement:

Every worker in the Company retires from service on reaching the age of retirement which is fixed at 58 years.

### 3.9 WAGE AND SALARY ADMINISTRATION

1. **Payment of Salary and Wages**

The salaries and wages of all the employees are paid on 10th day of the next month for which they have accrued. Overtime and incentive payments are paid on the 22nd day of the next month for which they have accrued. In case, 10th and 22nd of the month are holidays, these payments are made one day earlier.

2. **Employee Provident Fund**

As per the provisions of the Employees' Provident Fund Act, 1952, the company provides contributory provident fund cover to all its permanent employees. Both the employee and the employer contributions are 20% of the salary and wages.

3. **Gratuity**

As per the provisions of the Payment of Gratuity Act, 1972, an employee completing five years' permanent service is eligible to receive the gratuity benefits at the rate of 15 days' salary/wages for every year's service.

#### 4. Promotions and Transfers

Promotion is a motivating factor that also recognizes the experience, knowledge and the sincerity of the employee. Promotion to the higher position increases the self-esteem of an employee and leads to his better productivity. The promotion policy of the Company is based on seniority and efficiency and sometimes may be accompanied by a transfer to another Department.

#### 5. Time keeping

The company uses punched card system for time keeping. A time-keeper and his assistant are responsible for the time office work.

#### 6. Overtime

The company has adopted the following formula for working out the overtime payment for production employees:

$$\text{Net salary/month} = \text{Gross salary less (ESI + PF + Prof.Tax)}$$

$$\text{Net salary/day} = \text{Net salary / working days in a month}$$

Net salary/day is again divided by '8' being the number of hours in a shift to work out the hourly rate of overtime and the unit of half an hour is taken for calculating the overtime payment.

Thus, the Company pays the normal rate for overtime work also. Obviously, the element of incentive is lacking in the overtime payment rate.

### 3.10 AMENITIES AND FACILITIES

The company also provides various fringe benefits to its employees. These are briefly described below:



**1. Ventilation and Temperature**

Pursuant to the provisions of the Factories' Act, 1948, adequate ventilation is maintained within factory and the administrative buildings. The materials used in the building walls and rooms is such that the temperature can be maintained at the desirable level.

**2. Lighting**

Suitable natural and/or artificial lighting is provided on the shop floor, offices, passages and corridors. Good lighting arrangements are provided for the workers working on the machines, glazed windows are kept clean. Both glare and shadow formation is avoided. At night, adequate lighting is also provided in the outside yards and passages.

**3. Safety Provisions**

Adequate safety equipment like gumboots, goggles, handgloves, masks and aprons have been provided to the shopfloor workers. Safety clothing like boiler suits, fire-resistant aprons have also been provided. Production workers are provided two sets of workclothes every year. Fire fighting equipment like carbon dioxide cylinders, water and sand buckets, pickaxes are maintained in ready state in the hazardous areas.

**5. Housekeeping and Cleanliness**

Company premises are kept very clean and orderly, which is the responsibility of personnel department. All the walls, roofs and machinery are painted every year.

**6. Washrooms**

Sufficient urinals and lavatories together with a washroom are provided in every department. Sufficient number of spittoons are also provided throughout the factory. No one is allowed to spit elsewhere.

**7. Drinking Water**

Clean drinking water is provided in all the departments at convenient places.

**8. Bicycle stand and vehicle parking**

Adequate space together with a corrugated metal sheet canopy has been provided as a bicycle stand and vehicle parking.

**9. Medical facilities**

The employees of the Company are covered by the Employees State Insurance Act and are entitled to clinical treatment at the specified ESI dispensary in Dharwad City. In addition, the company fully reimburses to its employees the indoor treatment expenses to the employees.

**10. Recreational facilities**

The company has a recreation club for the name's sake only, it does not provide any recreational facilities like daily newspapers and few periodicals of general interest, television, and few games like carrom, chess, etc.

**11. Canteen facilities**

The company provides free hot tea twice and refreshments like biscuits, bananas, etc., in every shift, from outside vendors. It does not have a canteen of its own on the premises.

**12. Industrial Relations**

There is only one recognized and representative employee union on the premises. The relations between the company and the union are cordial and all problems and grievances are settled through mutual discussions. Since its inception in 1959, there had never been a work stoppage or strike or lockout in the Company.

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