

**AN APPRAISAL OF HUMAN RESOURCE MANAGEMET IN  
PUBLIC SECTOR UNDERTAKING IN BIHAR : WITH  
SPECIAL REFERENCE TO BARAUNI OIL-REFINERY**



**A**

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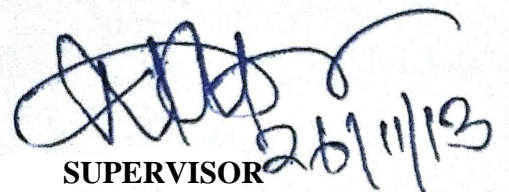
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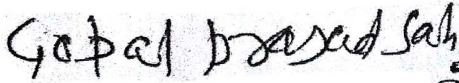
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(GOPAL PRASAD SAH) 26-11-2013

## **ABSTRACT**

### **AN APPRAISAL OF HUMAN RESOURCE MANAGEMENT IN PUBLIC SECTOR UNDERTAKING IN BIHAR: WITH SPECIAL REFERENCE TO BARAUNI OIL REFINERY**

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***H**uman Resources in any organization, big or small, public or private are the biggest and most valuable asset and tools of overall development, efficiency and effectiveness. Good and proper usage of these resources lead to technological, economical and ecological development of the organization. The present global scenario of corporate governance assigns the highest level significance to the organization's human resources or human capital. Akio Morita, the founder of Sony Corporation, which is the leading electronics giant of the world, once remarked, "there is no 'magic' in the success of Japanese companies in general and Sony in particular. The secret of their success is simply the way they treat their employees.*

*Not only the 'Japanese companies but the companies around the world, have realized importance of human resource management, popularly known as HRM. JRD Tata while assuming chairmanship of TISCO in way back in 1934, opined, "I firmly believe that great efficiency and co-operation can be got from men who are allowed to use their intelligence and initiative, who are made to feel that the company appreciates the value of their brain as well as their brawn." The Chairman of World famous IT Company Microsoft, Bill Gates has many times confessed that his company owes its success to its employees.*

*Human resource practices are found in every kind of organizations but their importance lies in their proper use and management. China is the most populous nation of the world and still the fastest growing economy of the world. The major reason for Chinese dominance in global business is the large investment made in the area of human resources and their management. Rensis Likert firmly holds the view that "every activity of any enterprise are initiated and determined by the persons who make up that institution. Plants, offices, computers, automated equipments, all else that a modern form uses are unproductive without human efforts and direction.*

*Since inception, the Central Public Sector Enterprises (CPSEs) have been the mainstay of the Indian economy and were set up with the mandate to i) serve the broad macro-economic objectives of higher economic growth, ii) achieve self-sufficiency in production of goods/ services, iii) facilitate long term equilibrium in balance of payments and iv) ensure stability in prices and create benchmarks for prices of essential items.*

*Historically, CPSEs assume significant importance to India's economy, both in pre and post independence period. In the pre-independence era, the public sector enterprises were confined primarily to select sectors including Railways, Posts & Telegraphs, Port Trust, Ordnance Factories, etc. Post independence, on account of the economic status of the country being characterized by an agrarian economy with a weak industrial base, regional imbalance in economic development, low level of savings, inadequate infrastructure facilities; the development of Public sector enterprises was identified as a key driver for self-reliant economic growth in the absence of significant private capital. Consequently, the Industrial Policy Resolution, 1948 and 1956 laid emphasis on constituting public enterprises by the Central Government for industrial development in the core sectors.*

*Consequent to the initiatives taken during the Five Year Plans, the role of CPSEs in terms of contribution to the Indian economy has increased manifold. Thus, the number of CPSEs as on 31 March, 2009, was 246, with a total capital employed of nearly Rs. 5.3 lakh crores as against 5 CPSEs having a total investment of Rs. 29 crores on the eve of the first Five year plan.*

*With the onset of economic reforms in 1991, the Government initiated a systemic shift to a more open economy with greater reliance upon market forces and a larger role of the private sector including foreign investment. Consequently, the CPSEs were exposed to competition from domestic private sector companies as well as large multi-national corporations. Given the competitive environment, the CPSEs undertook significant initiatives for up scaling technologies and capacities in order to operate at par with the private counterparts in the liberalized economy. With continued focused efforts towards achieving excellence, several of the CPSEs have become self reliant and are playing a critical role in building the Indian economy.*

*The (SLPEs) form an important part of state economies and have played a very important role in the development of different states after Independence. The Constitution of India has also bestowed the responsibility of infrastructure sectors, such as, roads, power & energy and irrigation etc upon the State Governments. Due to large capital investment required and lack of private initiative, the State Governments have had to step in to set up these infrastructure projects/public utilities in their respective states.*

*Besides the public utilities, the SLPEs have been set up in areas, such as, mining, public distribution /trading and marketing, warehousing, tourism, handicrafts and handloom development, forest and fisheries development, financial services and housing etc. A number of loss making manufacturing units in the private sector that were taken over to protect the interests of workers/*

*stakeholders, in the past, also constitute as SLPEs. While a number of SLPEs have been set up as 'statutory corporations' through the Acts enacted in the State Legislatures, a larger number of them have been set up as 'joint stock companies' under the Companies Act, 1956. A number of SLPEs in some states have been set up as 'Co-operatives' under the Societies Act, 1912 with majority share holding by the State Governments.*

*As per the CAG Reports on various states, there were around 837 working SLPEs in the country as on 31.3.2007. The total (financial) investments in all these SLPEs, stood at Rs. 333441 crores (as on 31.3.2007). The main components of this investment have been 'paid up capital' (Rs. 115658 crores) and 'long term loan' (Rs. 217783 crores); the share of 'long term loan' being 69% of the total compared to 31% share of 'paid up capital'.*

*Investment in SLPEs amounts to 79% of total investment in the 246 Central Public Sector Enterprises (CPSEs). The total number of people employed in these SLPEs (> 18 lakh employees), moreover, exceed the total number of employees in CPSEs (15.70 lakh employees as on 31.03.2007).*

*The major objectives of the study are to build a conceptual framework of the study relating to Human Resource Management. To examine the Human Resource Management practices in PSEs of Bihar-with special reference to Barauni Oil Refinery. To examine the recruitment, training and promotion practices in PSEs of Bihar. To examine the performance appraisal and employer employee relations in PSEs of Bihar. To analyze the impact of HRM practices upon the employees of PSEs of Bihar-with special reference to Barauni Oil Refinery.*

*They are the key variables and they effect its financial position. Company should control those variables and should improve the position. MRP is getting affected by only four variables. So it is easy for it to control those variables. IOC has also very less key variables. Barauni Oil Refinery has almost half of the variables that affects the management. There are some suggestions derived from the doing the analytical study of overall performance of the sampled units.*

- IOC should improve utilization of gross fixed assets to generate cost efficiency in the production unit.*
- IOC should regain their efficiency of better utilization of net fixed assets.*
- Barauni Oil Refinery should find out the reason that why current asset utilization has decreased over the period of study.*
- Barauni Oil Refinery is enjoying a long credit period. But it may harm them in future. So, it should reduce availing of credit period.*
- profitability of Barauni Oil Refinery is very lower it may be because of higher cost of production or lower sales. So Barauni Oil Refinery should analyze the reason and try to improve its efficiency to increase profitability.*
- Barauni Oil Refinery has more fluctuations in the profitability trend so sales of Barauni Oil Refinery may not be steady or its production value may be fluctuating during the period of study. Barauni Oil Refinery should try to stabilize the financial position.*
- Barauni Oil Refinery has also high burden of depreciation and interest charges. It should minimize these factors so that mere profit can be utilized for giving shareholders or its more reinvestment can also be possible.*

*It is evident that units managed by the State government are not doing well. Their unsatisfactory performance is due to certain chronic ailments which have not been carefully diagnosed so far. A proper diagnosis of these problems was, therefore, necessary. A critical examination of the working of these*



*enterprises point out the following problems for the poor performance of these enterprises. Broadly speaking, these problems can be divided into two categories- (i) Financial and (ii) non—financial.*

Forwarded

*[Handwritten Signature]*  
27/11/13

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