



**Study of NLCIL Employee's Performance Management
& Compensation Analysis**

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BONAFIDE CERTIFICATE

Certified that this project report titled "**Study of NLCIL Employee's Performance Management & Compensation Analysis**" is the Bonafide work of **Mr. VARUN BABU B, Registration Number:310823631049** who carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation based on which a degree or award was conferred on an earlier occasion on this or any other candidate.

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INTERNAL EXAMINER

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DECLARATION

I hereby declare that the project entitled "**Study of NLCIL Employee's Performance Management & Compensation Analysis**" submitted for the M.B.A. Degree is my original work and the dissertation has not formed the basis for the award of any degree, associate ship, fellowship, or any other similar titles.

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NLC India Limited

"NAVRATNA" - Government of India Enterprise

LEARNING & DEVELOPMENT CENTRE

BLOCK-20, NEYVELI

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This is to certify that VARUN BABU B, MBA(HUMAN RESOURCE)

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PROJECT WORK in NLC India Limited

between 24 - Feb -2025 and 22 - Apr -2025

NLCIL wishes him / her success in all future endeavours.

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"Training adds value to life"

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ABSTRACT

The project titled “**A Study on Performance Management and Compensation Analysis at NLC India Limited (NLCIL)**” has been undertaken as part of the MBA curriculum to gain practical exposure in the area of Human Resource Management, specifically focusing on employee evaluation and reward systems in a public sector environment.

This study aims to examine the existing performance management practices at NLCIL and their impact on compensation, employee motivation, and organizational growth. The project explores how effectively performance appraisals are linked to increments, promotions, and satisfaction with salary structures. The study also analyses the fairness and transparency of the appraisal process and how constructive feedback is perceived by employees.

Primary data was collected through a structured questionnaire distributed to employees across various departments, pay scales, and designations. A total of **125 responses** were received. The data was analyzed using **descriptive statistics, correlation, and regression tools** to derive meaningful insights. Graphical representations, including bar charts and pie charts, were used to visually interpret the responses to key research questions.

The study concludes that while many employees agree that performance evaluation systems exist, there remains uncertainty regarding their influence on career progression and compensation. The findings suggest a need for enhanced communication, fairness, and policy clarity in aligning performance with rewards.

This project has helped the student gain practical understanding of HR systems in a PSU and provides recommendations for future HR policy improvements.

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CHAPTER – 1

1.1 Introduction

For more than six glorious decades, NLCIL has been a forerunner amongst the Public Sector Enterprises in the country in the energy sector, contributing to a lion's share in lignite production and significant share in thermal and renewable energy generation.

The Company was incorporated on 14.11.1956. NLCIL is a Navaratna Government of India Enterprise, under the administrative control of Ministry of Coal. Today, the company has set its footprints in PAN India mode in the states of Tamil Nadu, Rajasthan, Uttar Pradesh, Odisha, Jharkhand, and Andaman & Nicobar Islands.

1.1.1 History of NLC:

YEAR	EVENTS OCCURRED
1935	<ul style="list-style-type: none">• The occurrence of coal deposits was first predicted around 1935 by certain French Engineers in the coal starved Southern region of India
1938	<ul style="list-style-type: none">• Bore wells were sunk in Shri. Jambulinga Mudaliyar's land in Neyveli and the Black particles gushing forth attracted the attention of campaign Geologists engaged in some other mission in the Neyveli Virudhachalam area.• Samples of the black substance taken from the Above form well were sent to the Government of Madras for analysis
1945	<ul style="list-style-type: none">• The Geological Survey of India starts drilling operations near Neyveli around 1945• Preliminary investigations indicate the existence of Lignite to the extent of about 500 tones in that area.
1956	<ul style="list-style-type: none">• NLC was formed as a corporate body. NLC was born as a sponsored commercial concern.

Industry Importance:

The Indian government has bet big on the mining sector, basically coal, to revive the economy, following the pandemic. India is the second-largest producer and importer of coal in the world. Over the decades, the value of production has also risen and, as of 2015-16, stands at around Rs. 2.82 trillion. There are over 3,500 mining leases that are in force in the country across 23 states covering an area of 316,290.55 hectares. Of those, nearly 70 percent are in five states alone – Madhya Pradesh (702 mining leases), Tamil Nadu (464), Andhra Pradesh (453), Gujarat (432), and Karnataka (376). In June 2020, while launching commercial coal mining in 41 coal mines, Prime Minister Narendra Modi said India will turn the COVID-19 crisis into an opportunity and he hailed it is a major step in making the country self-reliant in the energy sector.

The cost-competitiveness of renewable energy alternatives, air pollution regulations and water scarcity have also been putting pressure on the coal sector and that was before the COVID-19 pandemic cratered energy demand. At the height of India's economic lockdown, the average Indian coal-fired power plant operated at just 40 percent capacity utilization as cheap renewables were favoured on the grid. Today, coal facilities in India are operating at around half of their intended plant load factor, unable to sell much of the electricity they produce.

1.2 Industry Profile:

1.2.1 Industry Features:

Type	Government Corporation
Traded as	BSE: 513683 NSE: NLCINDIA
Industry	Mining and Electric utility
Founded	1956 by the effort of T. M. Jambulingam Mudaliar
Headquarters	Neyveli, Tamil Nadu, India
Products	Lignite and Electric power
Revenue	Increase ₹11,592.70 crore (US\$1.5 billion) (2020)
Operating income	Increase ₹2,345.11 crore (US\$310 million) (2020)

Net income	Decrease ₹1,441.37 crore (US\$190 million) (2020)
Total assets	Increase ₹53,488.13 crore (US\$7.1 billion) (2020)
Total equity	Increase ₹12,905.13 crore (US\$1.7 billion) (2020)
Owner	Ministry of Coal, Government of India
Number of employees	Around 10,500

1.2.2 NLC IL Main Business:

NLC India at present has four open cast lignite mines namely Mine I, Mine II, Mine IA & Barsingsar Mine and one open cast coal mine, Talabira II & III. The lignite mined out is used as fuel to the linked Pit head power stations.

1. Lignite Mines:

Lignite Mines	Capacity
Mine I, Neyveli	8 MTA
Mine I-A, Neyveli	7 MTA
Mine II, Neyveli	13.0 MTA
Barsingsar Mine	2.1 MTA

2. Coal Mines:

Coal Mines	Capacity
Talabira II & III OCP	20.0 MTA

3. Thermal station:

Fuel type	Projects	Location	Capacity (MW)	Commissioning Year
Thermal	TPS-I Expansion	Neyveli, Tamil Nadu	420	2003
Thermal	TPS-II	Neyveli, Tamil Nadu	1,470	1986-1993
Thermal	TPS-II Expansion	Neyveli, Tamil Nadu	500	2015
Thermal	Barsingsar TPS	Barsingsar, Rajasthan	250	2011-2012
Thermal	Neyveli New Thermal Power Project (NNTPP)	Neyveli, Tamil Nadu	1000	2021

CHAPTER 1.3

1.3. About Unit:

NLC India Limited (NLCIL) operates several lignite mines in Neyveli, Tamil Nadu, with Mine-I being one of the prominent ones. The Mine-I Administrative Office, also referred to as the Field Office, oversees the operations and management of Mine-I. This office is responsible for planning, monitoring, and coordinating mining activities to ensure efficient lignite extraction and adherence to safety and environmental standards.

Key Functions of the Mine-I Administrative Office:

- Safety Compliance: Implementing safety protocols and conducting regular inspections to maintain a safe working environment.
- Employee Coordination: Managing workforce deployment, training, and welfare activities.
- Resource Management: Oversees the allocation and utilization of equipment and manpower to maintain operational efficiency.
- Compliance and Reporting: Ensures that mining operations comply with statutory regulations and internal policies, and prepares necessary reports for regulatory bodies.
- Human Resources (HR) Department: Handles training, employee welfare, and industrial relations to maintain a motivated workforce.
- Finance Department: Manages accounting, financial reporting, and cost control to ensure fiscal responsibility.
- Materials Management Department: Oversees procurement, inventory management, and logistics to ensure the availability of necessary materials and supplies.
- Administration Department: Provides administrative support, including facilities management, transportation, and security services.

For more detailed information about NLCIL's Mine-I and its administrative functions, you can visit the official NLC India Limited website: NLC India Limited.

CHAPTER 1.4

1.4. Objectives

Primary Objective

- To study the **Performance Management System (PMS) and Compensation Structure** at NLCIL and analyse its impact on employee motivation and organizational efficiency.

Secondary Objectives

- To examine the **performance evaluation process** and its effectiveness in identifying and rewarding high-performing employees.
- To analyse the **compensation structure**, including different pay scales, incentives, and allowances provided to employees at NLCIL.
- To assess the **impact of increments** on employee satisfaction and productivity.
- To identify **challenges in the current performance management and compensation system** and suggest improvements.
- To understand the **role of HR policies** in ensuring fair compensation and performance appraisals at NLCIL.

1.4.1. Scope

- This study covers the **role of HR in performance evaluation and compensation structuring** at NLCIL.
- To assess the **factors influencing salary increments, bonuses, and incentives**.
- To examine the **use of technology (SAP, PIPAS.)** in managing performance appraisals and salary revisions.
- To analyse **how pay is structured** for executives and non-executives.

1.4.2. Need for the Study

- To understand **how performance management influences employee motivation and retention.**
- To analyse the **fairness and transparency of the compensation system** at NLCIL.
- To examine the **effectiveness of salary increments and promotions based on performance evaluation**

1.4.3. Problem Statement

- If the **performance management and compensation system** are not effectively structured, employees may feel demotivated, leading to reduced productivity and higher attrition.
- This study focuses on **NLC India Ltd., Neyveli**, specifically analyzing the **HR and compensation structure** for executives and non-executives.
- Issues arise when **performance evaluation processes lack transparency**, leading to dissatisfaction in salary increments and incentives.
- **Lack of proper linkage between performance and compensation** can lead to lower employee motivation.
- **Delayed or unclear salary increments** may impact employee morale and organizational efficiency.
- **NLCIL employees across different pay scales**, HR professionals, and management involved in performance evaluations and compensation structuring.
- If employees **feel that their performance is not adequately recognized through compensation**, it may lead to dissatisfaction, low morale, and reduced productivity.
- **Reduced engagement and higher attrition rates** due to lack of fair compensation.
- **Potential labour disputes** if employees feel their performance-linked pay is not structured properly.
- **Lower overall organizational performance** if the compensation system fails to reward top performers effectively.

CHAPTER – 2

2.1 LITERATURE REVIEW

2.1.1 Performance Management and Compensation at NLCIL: A Literature Review

Performance management in organizations encompasses goal-setting, monitoring, appraisal and feedback to align employee outcomes with strategic objectives. In HR theory, various appraisal models have been advocated. **360-degree feedback** is one common approach: multiple raters (supervisors, peers, subordinates and even customers) anonymously evaluate an employee, producing a holistic view of performance. This multi-rater system aims to identify strengths and development needs (for training or succession planning) rather than directly tying to pay. **Management by Objectives (MBO)** is another classic model, involving joint objective-setting by managers and employees. In the Indian PSU context, this is institutionalized via the **Memorandum of Understanding (MoU)** system. The MoU approach effectively adapts Drucker's MBO: annual corporate targets (often set by the government and board) are cascaded into division and individual objectives, and performance is measured against these targets. In fact, studies note that MoUs "ensure greater involvement of people with higher individual and organisational performance" in CPSEs, reinforcing an MBO-like performance culture. **Behaviourally Anchored Rating Scales (BARS)** are a more structured appraisal technique, combining numeric ratings with specific behavioural examples (anchors) for each level; this reduces rater bias by defining concrete examples of performance at each rating level. Together, these models fit within the typical appraisal cycle (planning targets, monitoring performance, periodic review, feedback and rewards). Modern theory emphasizes continuous feedback and development, but traditional tools (MBO/MoU targets, multi-source feedback, BARS) remain common in formal appraisal systems.

2.1.2 Compensation Structures in PSUs:

Compensation in public-sector units like NLCIL generally comprises a **fixed component** and a **variable performance-linked component**, along with statutory benefits. The fixed pay follows pre-defined pay scales (often Industrial DA pattern) with allowances. For example, a junior engineer might start at a Rs. 16,400–Rs. 40,500 pay scale. On top of basic pay, PSUs routinely provide allowances such as **Dearness Allowance (DA)**, **House Rent Allowance (HRA)**, **City Compensatory Allowance (CCA)**, **Common Allowance** (special PSE allowance), and **Non-Practicing Allowance (NPA)** for doctors. Statutory benefits include

contributions to **Employees' Provident Fund (EPF), Gratuity, Pension/Superannuation funds**, and medical benefits. One analyst summary notes that a PSU salary package typically “includes numerous allowances such as HRA, TA, DA, Gratuity, Provident Fund... and other retirement benefits”.

Beyond fixed pay, PSUs have **variable, performance-linked pay**. In recent years CPSEs have explicitly tied bonuses to organizational and individual performance. The Government's Department of Public Enterprises (DPE) has issued guidelines making *performance-related pay (PRP)* mandatory in executive pay revisions. For instance, Singh and Mishra (2016) observe that CPSEs have integrated PRP into their pay packages to “bring compensation at par with private competitors” and to foster a performance culture. Under these schemes, a portion of pay is conditioned on meeting MoU targets or profitability criteria. Typically, executives and non-union supervisors receive PRP (per DPE norms), whereas unionized workers participate in a **Unified Incentive Scheme (UIS)** linked to company performance. As one NLCIL pay schedule notes, “Executives receive performance-related pay while workers receive a unified incentive scheme linked to company and individual performance”. Thus, PSU compensation blends guaranteed pay and allowances (ensuring security and parity) with incentives for achieving specified results.

2.1.3 NLCIL's Performance Management and Compensation Practices:

NLC India Ltd (NLCIL), as a central PSU in the mining and power sector, follows these norms. Official NLCIL documents (disclosed under RTI) detail its pay structure. In addition to basic pay, employees get DA, common allowance, NPA (for medical officers), area-based and city allowances. All staff qualify for HRA, Provident Fund, gratuity, pension and medical benefits. A released NLCIL PayScale table specifies pay grades (e.g. Chairman Rs. 200,000–370,000, Chief Engineer Rs. 80,000–220,000, etc.), and notes fixed allowances (DA ~10.4%, common allowance 35%, etc.). Crucially, it confirms that “**Executives/Non-unionised Supervisors are eligible for the payment of ‘Performance Related Pay (PRP)’ based on [DPE] guidelines**” and that workmen/non-executives receive the Unified Incentive Scheme. This indicates that NLCIL's compensation follows DPE and MoU prescriptions: its annual PRP pool is computed per government formula (often linked to company profits and MoU rating). Indeed, NLCIL's HR practices include formal annual performance agreements and reviews aligned with DPE APAR rules.

For performance appraisal, NLCIL reportedly uses standard PMS tools. While company literature is limited, industry practice suggests NLCIL likely incorporates 360-feedback and MBO-type goal-setting at higher levels, along with KPIs and competency criteria. The published policies emphasize linking pay and promotion to performance, consistent with DPE guidelines and the MoU framework. In sum, NLCIL mirrors PSU trends: its pay is largely pre-determined by pay scales and allowances, supplemented by a significant performance bonus governed by MoU targets and DPE instruction. This hybrid structure aims to balance the public-sector emphasis on security and equity with incentives to enhance efficiency.

The above review draws on HRM literature and industry sources. Definitions and models (e.g. 360-degree feedback) are documented in Indian HR studies. Compensation concepts in PSUs are supported by government and sector analyses. Specifics for NLCIL are taken from its official PayScale disclosures and public documents.

2.2 HR PRACTICES:

The HR domain in NLC has various categories.

They are general administration department, establishment department, industrial relations (IR) department, attendance monitoring cell (AMC), disciplinary action (DSLC), recruitment cell, public relations (PRO), security management and vigilance department. Various HR managers are there separately for every category. NLC has both centralised HR managers and unit wise HR managers. Centralised managers are those who look upon all the categories in general. Decentralised or unit level managers are those which work within units such as mining, power, etc

CORPORATE FUNCTIONS OF VARIOUS HR MANAGERS:

Chief General Manager (CGM)/HR - Industrial relations, wage revision, DLSC action cell, contract labour cell, VIP reference, SC/ST/OBC cell.

Chief General Manager (CGM)/HR - Corporate social responsibilities, SDC.

Chief General Manager (CGM)/HR - General administration, co-ordinations, record management, benefits co-ordination cell including NLCIL Ex-employee portal, VIP/Parliamentary committee visits.

Chief General Manager (CGM) - Executive employee benefit, HR analytics, L&DC wing.

Chief General Manager (CGM) - Non executive employee benefit, joint venture, new projects, PRMA, rules and regulation.

GS - Medical services

Chief General Manager (CGM) - Township administration

General Manager (GM)/PR - Public relation, Right to Information

LEARNING AND DEVELOPMENT CENTRE:

Learning and development centre will be taking care of calling lecturers for guest lectures and recruitment of students for internship training and final assessment project.

PROMOTION:

The promotion stages of executives are from E1 to E9 cadre for executives and from W0A to SG4 for non-executives. For E1 to E6, promotion is 4 years once and for E6 to E9, promotion is 3 years once. Promotion here is based on seniority. Promotion review is in July month of every year. The eligibility for transfers and promotions are checked by the establishment department of NLC and then approved.

INCREMENT:

Increment is based on ratings given by General Manager. Increment is given once a year to the employees. The increment 3% per annum from the basic pay only if rating is outstanding. For ratings good and below, it is 2% per annum. It occurs batch wise in January and July month of every year. Eligibility for increment is 220 days of attendance per annum.

INCENTIVES:

Incentives occur yearly once for employees. It is based on ratings by General Manager and also government ratings. It is basically ratings on performance. It is otherwise known as performance appraisal. As per rule, maximum of 3% of profit before tax (PBT) should only be used for incentives.

CSR:

Corporate social responsibility (CSR) activities are carried out by NLC. It is carried out as per SEBI rules of 2% profit after tax (PAT). For example, NLC has built 100 toilets for various villages around Neyveli.

A brief outline of NLCIL's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programme. NLCIL has been carrying out peripheral developmental activities for betterment of communities in the surrounding villages since inception. The vision of NLCIL is to emerge as a leading Mining and Power Company, with Social Responsiveness accelerating Nation's growth.

NLCIL has adopted a revised CSR Policy, under which new/ongoing CSR projects/programmes/activities are undertaken. The Policy is available in NLCIL's Website: https://www.nlcindia.com/new_website/index.htm

The CSR activities of NLCIL focus on sustainable development and inclusive growth, addressing the basic needs of the surrounding communities. Aiding in the Socio-economic development of the local State(s) in which NLCIL operates and also the country at large.

The CSR of NLCIL contributes to various sectors of development, as enumerated in the Schedule VII of the Companies Act.

The main sectors are:

- Health and Sanitation
- Education and Special Education
- Employment enhancing vocational skills
- Women Empowerment
- Sports
- Rural Development projects for roads & access, water resources augmentation for irrigation and overall community development.
- Renovation of Heritage sites, Development of Arts and Culture.

2.3 SERVICE BOOK:

Service book maintenance is a regular practice in NLC. Separate service book is allotted for every employee. The service book has each and every necessary detail of an employee. It is maintained by the establishment department of HR domain. The service book contains all the service details of employee in NLC over the years, his salary details, his personal and family details, bio data, promotions, and transfers. The contents of the service book in NLC are as follows:

- Bio data
- Permanent address
- Educational qualifications
- Additional increments
- Details of family members
- Nominations of gratuity
- Nominations for provident fund
- Service growth
- Department tests and exams passed
- Details of membership of professional bodies

- Residential accommodations
- Details of pay
- Details of compensation given under WC act
- Details of transfers / postings
- Advances
- Training programs attended
- Punishments awarded
- Gifts / Awards
- Special awards
- Abstract of leave
- Final settlements – Gratuity, PF, TA clearance, Terminal TA
- Details of payments due to wage revision
- Additional pages

These are details which the service book of a particular employee consist.

2.4 RECRUITMENT:

Recruitment process is done in 2 levels

(a) Below board level: Executives, supervisors, staff and work men are considered as below board level employees. Executive's recruitment is done by all India level advertisement through news papers and websites. Supervisors, staff and workmen are recruited on regional basis through employment exchange. (

b) Above board level: Executive Director, Director, Chairmen and Managing Director are considered as above-board level. Their recruitment is done by the Department of Public Enterprises – Public Enterprises selection Board. Above board level employees of any PSU can compete for the same.

NLC follows 2 kinds of recruitment and they are:

(1) Internal Recruitment: People are recruited for the required vacancy based on selection criteria.

(2) External Recruitment: External recruitment is done by Advertisement on newspaper and websites followed by scrutinizing the application and the selected candidates are called for interview / written test according to the criteria. Internal employees can also compete with external candidates no special preference is given to them.

During the process of recruitment, the selection is done on the basis of competitive merit, ability and experience being equal preference given at the time of appointment to person's displaced by the acquisition of land for the project, to refugees and to persons discharged from other government projects an undertaking as being surplus to requirement.

INDUCTION:

All the candidates who have been issued with offer letter and are willing to join with NLC has to undergo Orientation Program for 15 days in which they learn the overall functioning of the units in NLC.

PROBATION:

Training period in NLC is one year for skilled workmen and for others its six months after which the employee is confirmed.

2.5 PERFORMANCE APPRAISAL:

Performance appraisal is done for the Worker category employees every year for the period between (Apr-Mar) and Regular category employees every year for the period between (Apr-Mar) by means of confidential reports generated by their Reporting managers.

Whereas for Executive category employees NLC uses **KPA (Key Performance Appraisal)** in which the executive and their reporting managers decides the task to be completed for that financial year, marked and time line for completion of work is also decided in prior. Necessary entries will be made in their **respective performance cum competency score card** through online system. **Review or assessment will be conducted on their performance at the Mid-Year (October) and year end** to understand the employee's performance level, which also decides the employee's promotion and also for performance related payment.

NLC has well defined performance appraisal system since its inception. The objectives of performance appraisal are as follows.

OBJECTIVES:

- To evaluate how far results have been achieved and to plan for better performance.
- To identify the strength and weakness of the individual executive employees with reference to his/her achievements, knowledge, and skills.
- To find out the gaps in knowledge and skills which may be filled long training and guidance.
- To find out executives for the purpose of “Management succession”. There are different forms for different category of employees which are used for periodic performance appraisal.

2.6 DISCIPLINARY ACTION:

- D. A. - Departmental Cases
- D. A. - Vigilance Cases
- D. A. - TA related Cases

D. A. – DEPARTMENTAL CASES:

- a. For regular and labour category employees, NLC's standing order is followed.
- b. For executives, conduct and appeal rules of NLC is followed.

STEPS IN DOMESTIC ENQUIRY:

COMPLAINT:

Receipt of a written complaint from a complainer, is the first step in domestic enquiry.

A complaint must contain the details of the misconduct committed, narrating the total incident, the date, approximate time, place, the name of witnesses and material evidences with due signature of the complainer are to be furnished.

CHARGE MEMO:

A “charge memo” is to be addressed to the delinquent employee by furnishing his CPF No, designation, division, and department. The date and time of the incident are also clearly mentioned.

If the misconduct committed by the employee is grave and serious in nature or it is believed that his presence at work place is likely to erase/remove/disturb the evidences against him or alter the witness against him then the employee is placed under suspension pending enquiry.

The charge memo is served to the concerned employee directly or by post.

EXPLANATION OF THE EMPLOYEE:

On the receipt of the charge memo the employee may submit his explanation within specified time. The employee may be allowed to extend the time period on the grounds of sufficient reasons in writing.

If the charge sheeted employee (CSE) accepts all the charges then the case is closed and punishment is awarded.

If the employee denied the charges, then further proceedings are carried out.

APPOINTMENT OF ENQUIRY COMMITTE:

After receiving the explanation of the employee, an enquiry officer and presenting office are to be appointed by the HR department to enquire into the charges of the charge sheeted employee.

POSTING OF ENQUIRY:

The time, venue, and date of the enquiry shall be communicated to the Charge-sheeted employee (CSE).

If the charge sheeted employee is not attending the enquiry proceedings without prior permission, then the enquiry officer may conduct “ex parte enquiry”.

PROCEEDINGS OF ENQUIRY:

Examination of charge sheeted employee by the enquiry officer:

- Examination of prosecution.
- Presentation of the case by the presenting officer.
- Statements of prosecution witness
- Cross examination of prosecution witness by charge sheeted employee.
- Examination of defence
- Statement of defence witness
- Cross examination of defence witness by presenting officer
- Examination of charge sheeted employee

- Statement of charge sheeted employee
- Examination of charge sheeted employee by the presenting officer

REPORT OF THE ENQUIRY OFFICER:

After completion of enquiry, the enquiry officer has to prepare a detailed report on the findings of the enquiry.

PUNISHMENT FOR MISCONDUCT:

It is the duty of the disciplinary authority to decide the nature of punishment to be imposed taking into consideration of the following:

- ❖ The principle of equality
- ❖ Seriousness of the misconduct
- ❖ Past record of the employee

Punishments are to be given according to the misconduct and in consultation with “STANDING ORDER” for regular and labour category employees and CONDUT AND AAPEAL RULES” for executives.

PUNISHMENTS ARE OF TWO TYPES:

- ❖ Major
- ❖ Minor

MAJOR PUNISHMENTS:

- ✓ Demotion to a junior category or lower grade or reduction to lower stage.
- ✓ Compulsory retirement from service before attaining the age of superannuation without notice or pay.
- ✓ Removal from service without notice or pay.
- ✓ Dismissal from service without pay or notice.

MINOR PUNISHMENTS:

- ✓ Withholding increment with cumulative effect (stoppage of increment for whole service period) or without cumulative effect (stoppage of increment for particular mentioned period).
- ✓ Suspension without pay and allowances.

APPEAL:

If the employee prefers an appeal, the disciplinary authority may send the file containing the document to the appellate authority for further action.

ORDER OF APPELLATE AUTHORITY:

The appellate authority on receiving the appeal may apply his mind and may alter the punishment according to the situation within the stipulated time.

D. A. – VIGILANCE CASES:

Anonymous petitions and corruption related cases are dealt by this wing and also by supervise checking in work spot.

D. A. - TA RELATED CASES:

The misconducts of Township Administration related matters such as the houses which have been allotted to the employees not should be used for rental purpose; employee should not extent/built the allotted houses, without any intimation. The employee should not cut the trees, no persons are not allowed to run any shops in the main bazaar and in any places inside Neyveli Township without prior permission from Township Administration.

2.7 INDUSTRIAL RELATIONS:

The main function of IR is to maintain the cordial relationship between management and trade unions. NLC continues to maintain cordial industrial relations with Recognized Unions. The Recognized Unions and Associations of Engineers and Officers are functioning in NLC effectively. The Management has a regular system of discussions on common matters which help to maintain good industrial relations and to create mutual trust and belief among the employees.

LABOUR LAWS:

There are three major labour laws relating to public sector companies. As NLC is a public sector company, these three major labour laws applies for NLC.

The laws are as follows:

- Industrial dispute act of 1947
- Trade union act of 1926
- Standing orders act of 1946

INDUSTRIAL DISPUTE ACT OF 1947:

The industrial dispute act, 1947 extends to the whole of India and regulates Indian labour law so far as that concerns trade unions as well as Individual workman employed in any Industry within the territory of Indian mainland. It came into force 1 April 1947.

The objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by conciliation, arbitration and adjudication machinery which is provided under the statute. The main and ultimate objective of this act is "Maintenance of Peaceful work culture in the Industry in India" which is clearly provided under the Statement of Objects & Reasons of the statute.

The laws apply only to the organised sector. Chapter V talks about the most important and often in news topic of 'Strikes and Lockouts'. It talks about the Regulation of strikes and lockouts and the proper procedure which is to be followed to make it a Legal instrument of 'Economic Coercion' either by the Employer or by the Workmen. Chapter V-B, introduced by an amendment in 1976, requires firms employing 300 or more workers to obtain government

permission for layoffs, retrenchments and closures. A further amendment in 1982 (which took effect in 1984) expanded its ambit by reducing the threshold to 100 workers.

The Act also lays down:

1. The provision for payment of compensation to the workman on account of closure or lay off or retrenchment.
2. The procedure for prior permission of appropriate Government for laying off or retrenching the workers or closing industrial establishments
3. Unfair labour practices on part of an employer or a trade union or workers.

TRADE UNION ACT OF 1926:

Trade Union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more Trade Unions.

Provided that this Act shall not affect

- (i) any agreement between partners as to their own business
- (ii) any agreement between an employer and those employed by him as to such employment
- (iii) any agreement in consideration of the sale of the goodwill of a business or of instruction in any profession trade or handicraft.

The law relating to the registration and protection of the Trade Unions is contained in the Trade Unions Act, 1926 which came into force with effect from 1st June 1927. The Act extends to the whole of India except the State of Jammu and Kashmir. In common parlance, Trade Union means an association of workers in one or more occupations.

Its object is the protection and promotion of the interests of the working class. Trade Unions have a home-grown philosophy based on workers' experience and psychology. It grows out of the workers' day-to-day experience.

STANDING ORDERS ACT OF 1946:

This act may be called the Industrial Employment (Standing Orders) Act, 1946. It extends to whole of India. It applies to every industrial establishment wherein one hundred or more workmen are employed, or were employed on any day of the preceding twelve months.

Provided that the appropriate Government may, after giving not less than two months' notice of its intention so to do, by notification in the Official Gazette, apply the provisions of this Act to any industrial establishment employing such number of persons less than one hundred as may be specified in the notification.

WAGE REVISION:

According to DPE, periodicity of wage revision for executives at NLC is 10 years. For non-executives, periodicity of wage revision depends upon settlement. Compensation for executive employees is based on committee recommendation through DPE guidelines. For non-executive employees, compensation is based on negotiations/settlements. The main components of pay revision are as follows:

- Pay scales
- DA
- Fit man benefit
- Annual increment
- Perks & allowances
- PRP
- Superannuation benefits

Superannuation benefits are 30% of basic pay plus dearness allowances. The components of superannuation benefits are as follows:

2.8 SALARY STRUCTURE:

PAY SLIP:

Pay slip of every employee at NLC has basic components of earnings and also basic deductions from salary. The basic components of earnings and deductions are as follows:

 <p style="text-align: center;">என்.எல்சி இந்தியா லிமிடெட் எனலஸி இலையா லிமிடெட் NLC India Limited</p>								
ஏற்றும் படிகள் / வீத பரி / SALARY SLIP FOR THE MONTH OF FEBRUARY - 2021								
CPF NO	30339	PAN NO	AAJPM5982G					
NAME	MADHUSUDHANA REDDY E C	UNIT	28 NLC TAMIL NADU POWER LIMITED					
DESIG	GENERAL MANAGER	SCHEME	10 NLC TAMIL NADU POWER LTD					
F/H NAME	E C PADMANABA REDDY	DIVISION	12 BOILER OPERATION					
DOJ NLC	10-FEB-86	DOB	31-DEC-62					
PAYABLE ON	01-MAR-21	PAY SCALE	120000 - 280000					
BANK A/C	609801126272	BANK	ICICI BANK BL-19					
FACTORY NO		RELAY NO	0					
ஏற்றும் படிகள் / வீத பரி / EARNINGS				படிகள் கழகி / கடோரி / DEDUCTIONS				
ERNG	DESCRIPTION	ELIG AMT	PAY AMT	DEDN	DESCRIPTION		AMOUNT	
1	BASIC PAY	198970.00	239570.00	501	PF SUBSCRIPTION		34038.00	
3	VDA	36610.00	44079.00	505	IT RECOVERY		88050.00	
42	COMMON ALLOW	69639.50	83849.50	535	DEATH RELIEF		400.00	
141	LHC	3000.00	3000.00	613	50% PERKS		3163.00	
143	TOUR TA	.00	4334.00	614	ELDERS HOME		20.00	
				645	G.E.A RECY		500.00	
				686	NTPL RENT		1240.00	
				687	NTPL EC		175.00	
				689	NTPL WC		6.00	
				699	SODEXO RECY		2600.00	
				723	LIC-NEYVELI		1133.00	
				726	THRIFT		1100.00	
				737	NTPL CLUB		100.00	
பாலக்காணல் / பாலாரி / REIMBURSEMENTS								
ஏற்றும் படிகள் / வீத பரி / TOTAL PAYABLE : 374832.50				படிகள் கழகி / கடோரி / TOTAL DEDUCTIONS: 132525.00				
B/F AMOUNT :		9.38	C/F AMOUNT :	1.88	பால விலை காலை வீத பரி / NET PAYABLE : 242300.00			
OTHER PAYMENTS MADE DURING THE MONTH								
PYMT.DT	PYMT DESCRIPTION			ELIG AMT	OTHER PYMT	RECY AMT	PAID AMT	
LEAVE DETAILS								
	CL	OH	HPL	EL	ML	EOL	NR	WAGE CUT EFFECTED(Hrs) :
LEAVE AVAILED	4	2						WAGE CUT AMOUNT :
LEAVE REG								LEAVE CUT AMOUNT :
LEAVE BALANCE	7.5	3	142	148				NLC PENSION CONT : 28365
ADDRESS :								
* NLCIL EC VARIATION CHARGES FROM 10/2020 TO 12/2020 *								
<small>* this is a computer generated Payslip and does not need authentication *</small>								

2.9 LEAVE RULES:

Employees in NLC have certain rules and regulations for absenteeism and have some regular leave permissions without loss of pay. NLC follow a specific form for applying leave which has to be authorized by the respective department heads and submitted at Time Office / AMS dealing Assistant for update.

CASUAL LEAVE (CL):

Regular Employees will be eligible for CL. CL cannot be clubbed with any other leave other than weekly holidays and festival holidays. In case of sickness not more than 3 days of CL with pay shall be granted.

For labour: 10 days CL in a year

For others: 12 days CL in a year

The casual leaves cannot be carried forward to next year (casual leaves cannot be preferred or suffered to holidays for labours).

EARNED LEAVE (EL):

Days out of which 15 days can be availed till June will be credited on 1st Jan and the next 15 days are for the period Jul- Dec which will be credited on 1st July of every year.

SPECIAL DISABILITY LEAVE:

All employees including executives, working in mines etc are covered by the provision of workmen compensation act. When they met with an accident during the course of employment is paid with full wages for the disablement period. But for those who are not covered under the provision of workmen compensation act are sanctioned special disability leave for the disablement period.

HALF PAID LEAVE:

This type of leave is applicable only for the executive category. HPL is credited in advance as follows:

10 days (Jan-Jun) credited on 1st January

10 days (Jul- Dec) credited on 1st July

EXTRODINARY LEAVE:

For labour category total 22 days out of which 11 are for the half year from Jan to Jun and rest 11 days for the next 6 months from July to December. For regular and executives 70days (subject to prior approval).

MEDICAL LEAVE:

For labour and regular category employees, total of 10 days is spilted equally for every 6 months and can be accumulated up to 40days. For executives it is 10 days every year spited equally for every 6 months.

MATERNITY LEAVE:

For labour category employees it is available as per the Maternity Benefit Act.

For others – 180 days also under Maternity Benefit Act, leave salary is also payable.

THE LEAVE RULES IN NLC ARE AS FOLLOWS:

- The employees in NLC has 12 casual leave per annum.
- Employees have 5 days optional holidays per annum
- They also have medical leave permissions. It may be redeemed as either 20 days half pay leave or 10 days full pay leave per annum. If the medical leave is within 3 days, there is no need of submitting medical certificate.
- Employees have earned leave permission which is of 30 days per annum. It can be redeemed by 15 days once in 6 months. Earned leave is obtained based on regular attendance of employees.
- For employees, special casual leave is given in case of the employee participating in sports tournaments.
- Special disability leave is given for employees with notional extension theory (Accident while on the way to duty). It should be verified with eyewitness.

2.10 PERFORMANCE MANAGEMENT SYSTEM:

It is a structured method of formally and objectively evaluating employees' performance with respect to their objectives. It addresses the issue of an employee's development by providing them with structured and in-depth analysis of strengths and areas of improvement. It provides input for annual increments, training and development.

For an organization the aim should not be just to have the best people, but also to retain them and get best out of them. Employee Performance management includes planning work and setting expectations, developing the capacity to perform, continuously monitoring performance and evaluating it.

Most organizations focus on an annual evaluation process for employees and call that Performance Management. However, annual evaluations are often subjective and can lack specific measurements and supportive data to help the employee truly improve their behavior. Simply putting, a Performance Management System is essential to the success of any organization because it influences the effort expended by employees, which in turn, drives bottom-line business results. Furthermore, the Performance Management System helps an organization identify, recruit, motivate, and retain key employees.

An effective Performance Management System should achieve the following:

- Review the employment cycle of every employee,
- Beginning with the recruiting process, Employee development, Ending with effective exit interviews.
- Employee's knowledge, skills, and abilities with the organization's human capital needs and business objectives.

Provide managers and employees with the tools necessary to focus on short-term and long-term goals that contribute to both career and organizational success.

Support the organization in developing and sustaining a culture that recognizes and rewards individual contributions and team performance. Promote a work climate that requires employees to remain flexibly focused. For instance, employees can manage current tasks and unit goals while keeping pace with, and adapting to, change in the work environment.

HR Performance Management System can be performed in three steps:

- Needs Analysis
- Identifying Competencies
- Development of effective Performance Management System.

PERFORMANCE RELATED PAY (PRP):

Performance related pay is based on the following factors:

- Rating by Ministry of Coal (Company MOU Rating)
- Company sanctioned rating to the unit (Unit MOU)
- Individual performance rating
- Profitability of the company in the current year.

Mid-Year Review:

Mid-year review of goals set at the beginning of the financial year held on the months of October/November every year. The mid-year review generally initiated by the manager. The main focus of the mid-year review is to check if the goals set at the beginning of the year are relevant or if they need to be revised or updated. The mid-year review is also an opportunity for the manager and his team members to identify and discuss about any performance issues and initiate corrective action for the same. The mid-year review does not entail any ratings.

Annual Performance review:

The annual performance reviews against goals set and achieved held during the months of April- May every year. The employee completes his self-review /appraisal against goals set, online in the Poornata system and submits the same to his manager for review. The manager then discusses the performance of the employee with him/her off-line, give him feedback on his performance and capture his own comments and performance ratings against goals and overall ratings in the manager's evaluation form.

The manager also discusses the employee's performance as well as rating with the manager's manager (reviewer) and sends the document to the HR department for further processing.

2.11 SWOT ANALYSIS OF NLC IL:

STRENGTHS:

- Availability of lignite and water for power generation.
- Expertise in operation & maintenance in open-cast mining, power generation.
- Harmonious industrial relations and Highest domestic credit rating.
- Pioneering position in open-cast lignite mining with SME technology and lignite fired power station.

WEAKNESSES:

- Mines moving towards high Government of India's commitment to improve the quality of life of its citizens through higher electricity consumption.
- GOI aim to provide each household access to electricity, round the clock and improve the quality of life of people through 24x7 power supply.
- Rise in the per capita consumption of power. Launch of 100 smart cities mission by GOI. Invest in promoting Green Energy Trading of Power in the Market stripping ratio and consequent increase in cost of mining.
- Necessity of pumping of water below the lignite seam for safe mining leading to higher cost of production. Higher cost of mining.

OPPORTUNITIES:

- Learnt the some of the Statutory Compliance that every company has to follow.
- Learnt the proceedings of the disciplinary actions and the Punishments given for the Executives and Non-Executives.

THREATS:

- Resistance to land acquisition, demand for enhanced compensation, demand for employment.
- Higher cost for rehabilitation & resettlement measures for land evictees.
- Extreme mining conditions resulting from hydro geological, geo-technical and other conditions. Delay in commissioning of new projects.
- Huge Surrender of Power by the beneficiaries and consequently underutilisation of Thermal Capacity. Challenge posed by Renewable energy to Thermal Generation.

2.11 ESTIMATED GROWTH CHART:



CHAPTER – 3

RESEARCH METHODOLOGY

3.1 Research Design:

This study adopts a descriptive research design, aiming to analyse the impact of performance management on compensation at NLCIL. The research focuses on understanding employee perceptions of performance evaluations, salary increments, incentives, and overall compensation structure.

3.2 Data Collection Method:

The data for this study was collected through a **structured questionnaire** designed to assess employees' views on performance-linked compensation, fairness in salary increments, and motivation levels.

The questionnaire included **Likert-scale-based questions**, allowing participants to rate their agreement on various aspects of performance and compensation.

3.3 Sampling Method & Size:

- Sampling Method: Convenience Sampling (employees who were available and willing to respond)
- Sample Size: 125 employees from NLCIL
- Source of sample: Direct collection & Google Form
- Target Respondents: Employees across different pay scales and departments to ensure diversity in responses

3.4 Data Analysis Tools & Techniques:

- The collected responses were analysed using percentage analysis to identify trends and patterns.
- The data was categorized based on employee demographics, performance ratings, and compensation perceptions.
- Methods of Inferential Statistics were used to assess overall satisfaction levels with performance-linked pay.

- Qualitative responses were **grouped into key themes** for better interpretation of employee concerns and suggestions.

3.5 Scope & Limitations:

Scope:

- The study focuses on **employees of NLCIL**, particularly those impacted in the **performance evaluation and compensation process**.
- It aims to provide **insights into how performance impacts salary increments, bonuses, and overall motivation**.

Limitations:

- The sample size is **limited to 125 responses**, which may not fully represent the entire workforce at NLCIL.
- Responses are **subject to individual bias**, as opinions on performance evaluation and compensation vary.
- The study does not cover **external market compensation trends** but focuses solely on NLCIL's internal policies.

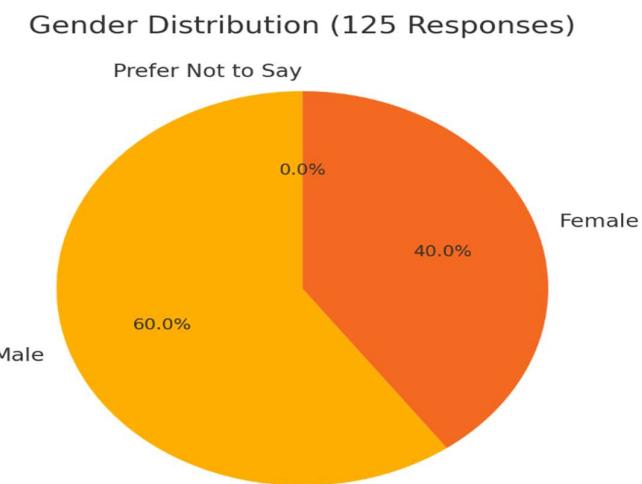
CHAPTER – 4

4.1 DATA ANALYSIS (Percentage Analysis):

4.1.1 GENDER WISE RESPONSE TABLE:

Gender	Count	Percentage
Male	75	60.0%
Female	50	40.0%
Prefer Not to Say	0	0.0%
Total	125	100.0%

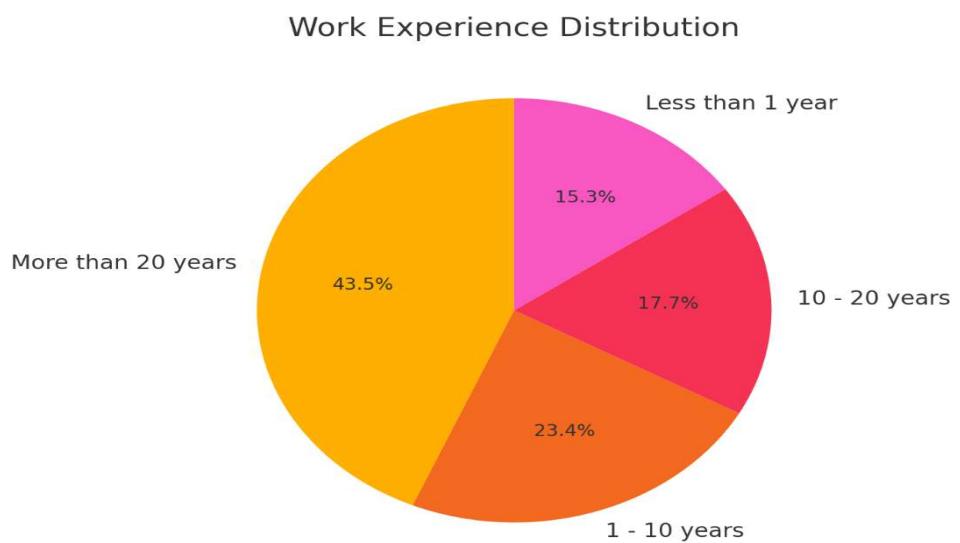
4.1.1 GENDER WISE RESPONSE CHART:



4.1.2 WORK WISE RESPONSE TABLE:

Work Experience	Count	Percentage
Less than 1 year	19	15.3%
1 – 10 years	29	23.4%
10 – 20 years	22	17.7%
More than 20 years	55	43.5%
Total	125	100.0%

4.1.2 WORK WISE RESPONSE CHART:

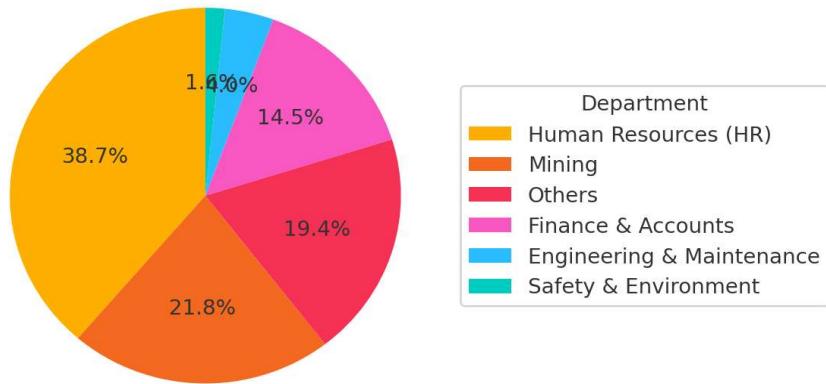


4.1.3 DEPARTMENT WISE RESPONSE TABLE:

Department	Count	Percentage
Human Resources (HR)	48	38.4%
Mining	27	21.6%
Others	24	19.2%
Finance & Accounts	18	14.4%
Engineering & Maintenance	5	4.0%
Safety & Environment	3	2.4%
Total	125	100.0%

4.1.3 DEPARTMENT WISE RESPONSE CHART:

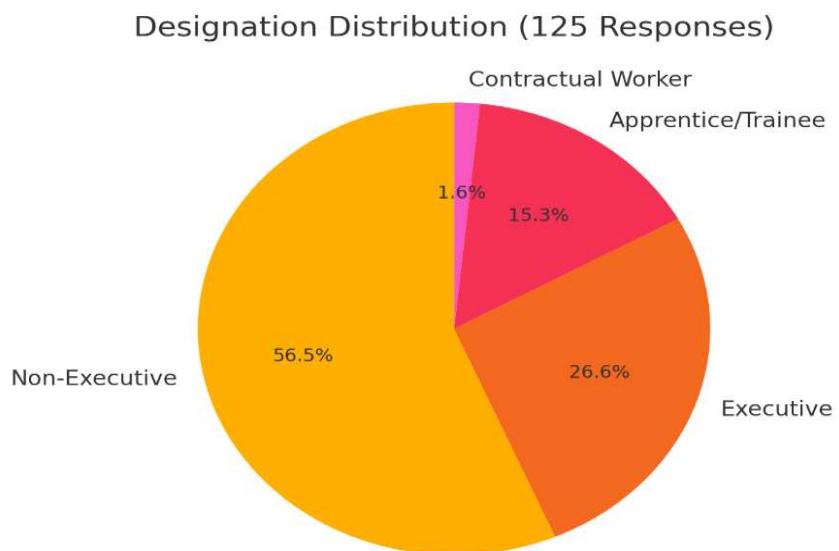
Department Distribution (125 Responses)



4.1.4 DESIGNATION WISE RESPONSE TABLE:

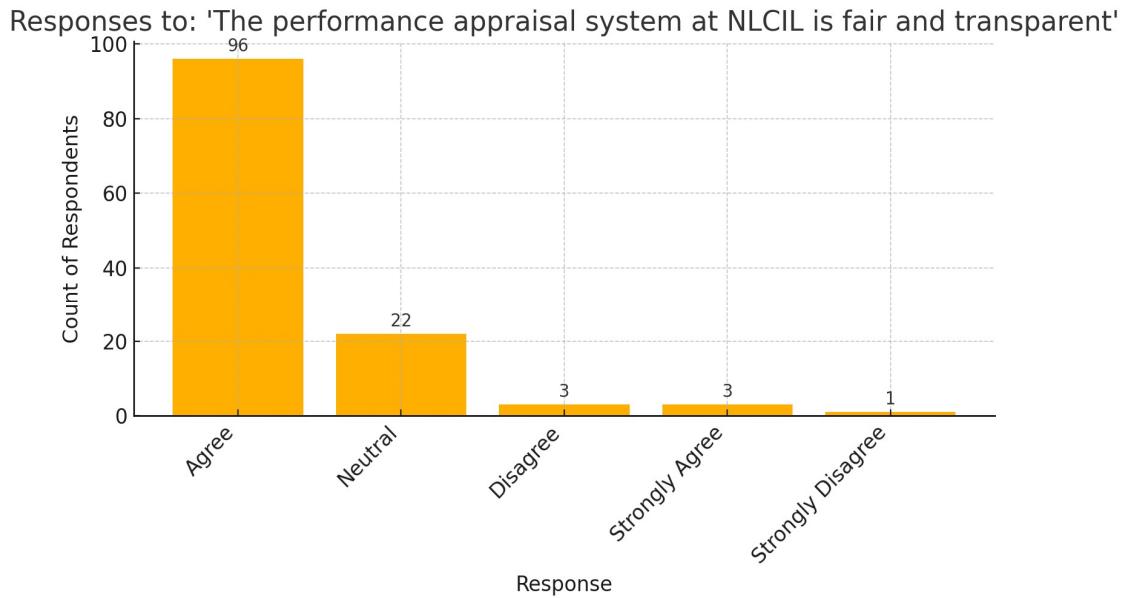
Designation	Count	Percentage
Non-Executive	70	56.0%
Executive	33	26.4%
Apprentice/Trainee	19	15.2%
Contractual Worker	3	2.4%
Total	125	100.0%

4.1.4 DESIGNATION WISE RESPONSE CHART:

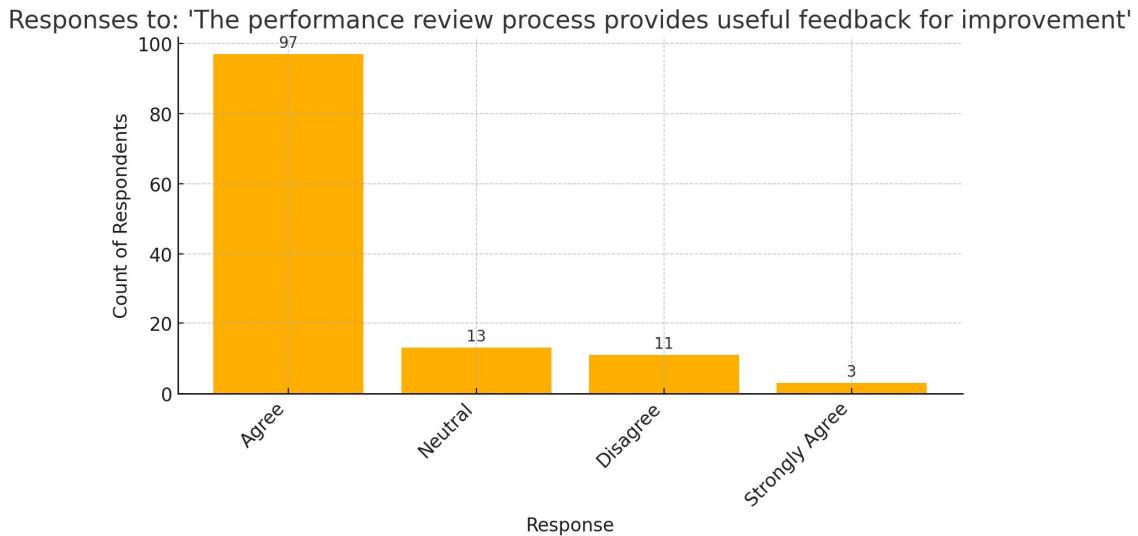


4.2 QUESTIONS AND RESPONSES ANALYSIS:

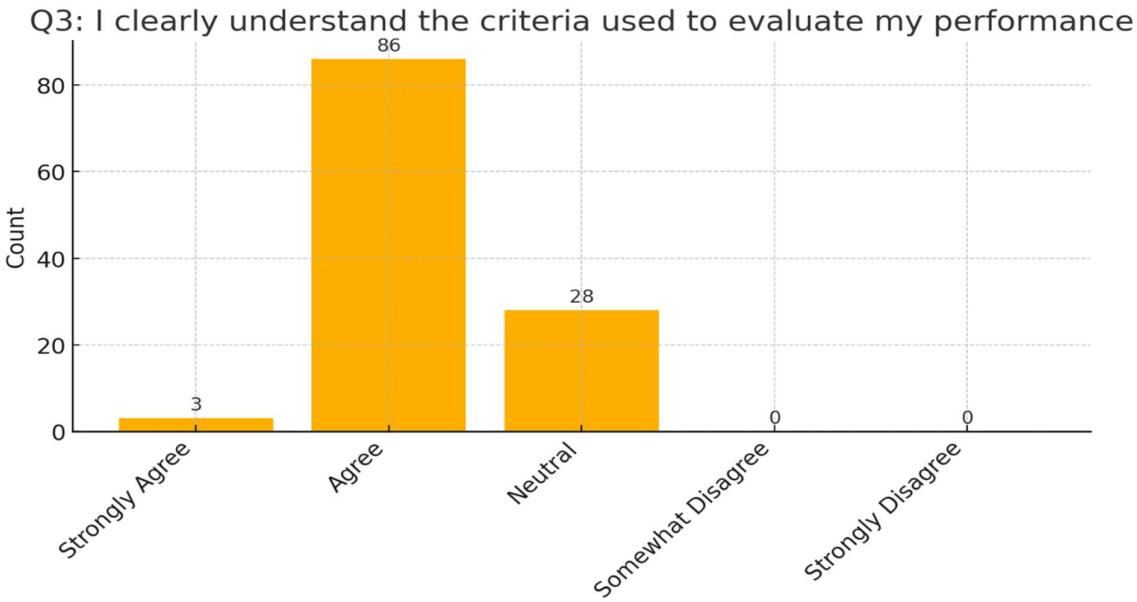
4.2.1 The performance appraisal system at NLCIL is fair and transparent.



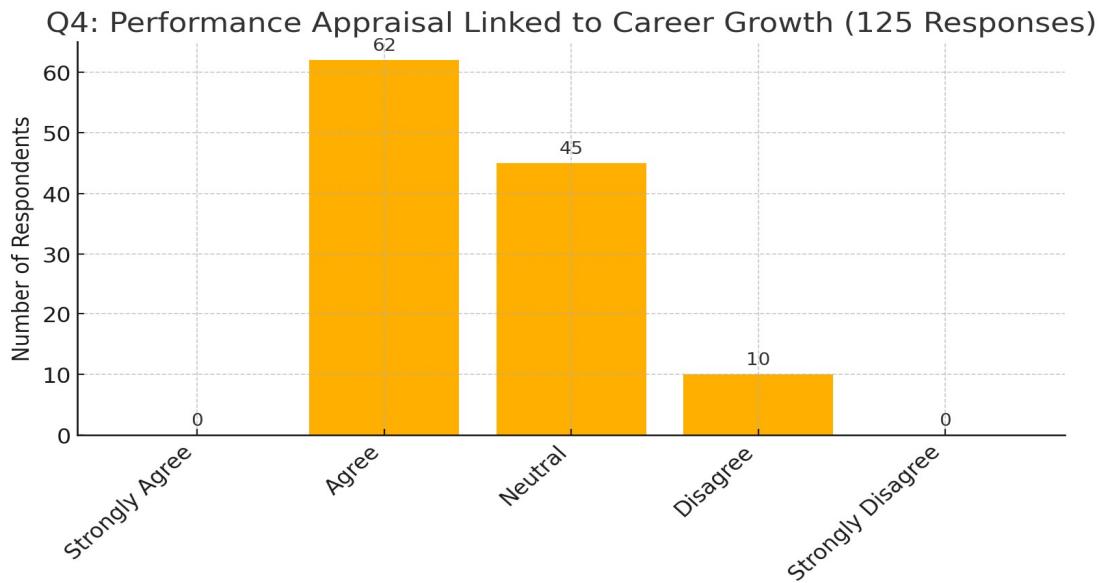
4.2.2 The performance review process provides useful feedback for improvement.



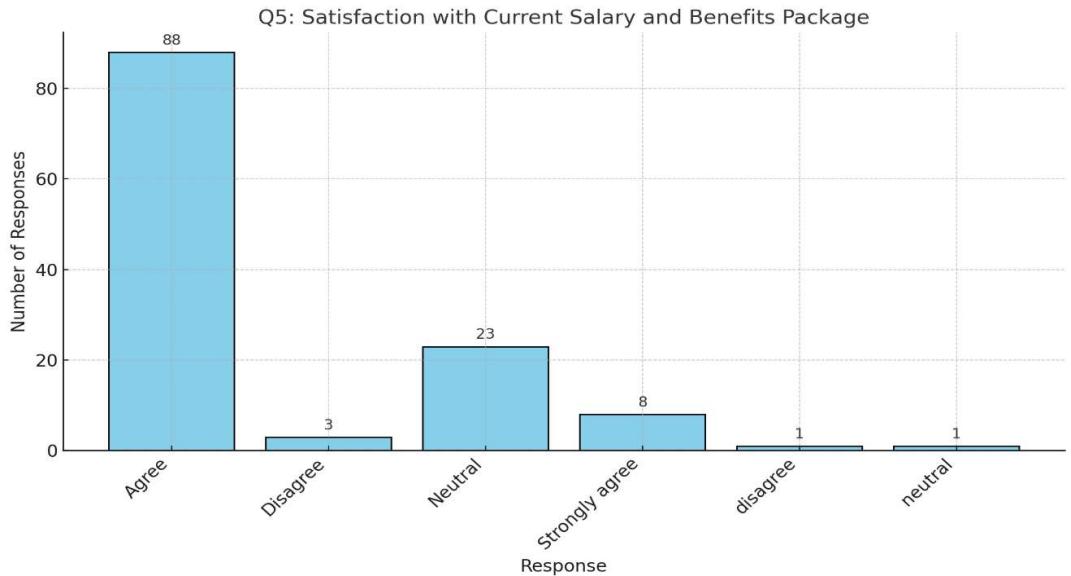
14.2.3 I clearly understand the criteria used to evaluate my performance.



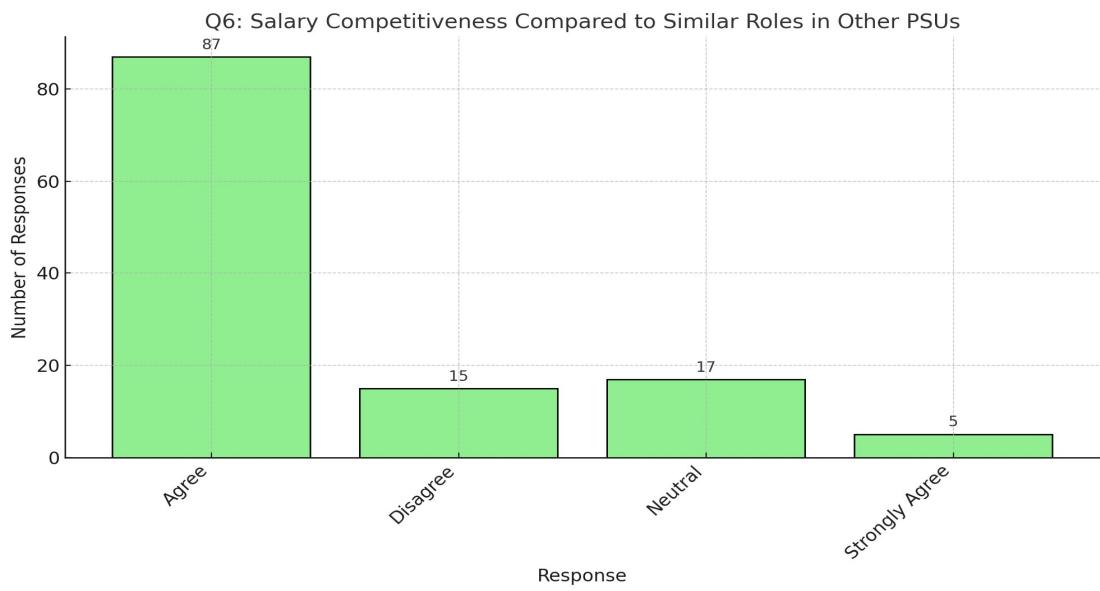
4.2.4 My performance appraisal is directly linked to my career growth and promotion opportunities.



4.2.5 I am satisfied with my current salary and benefits package.

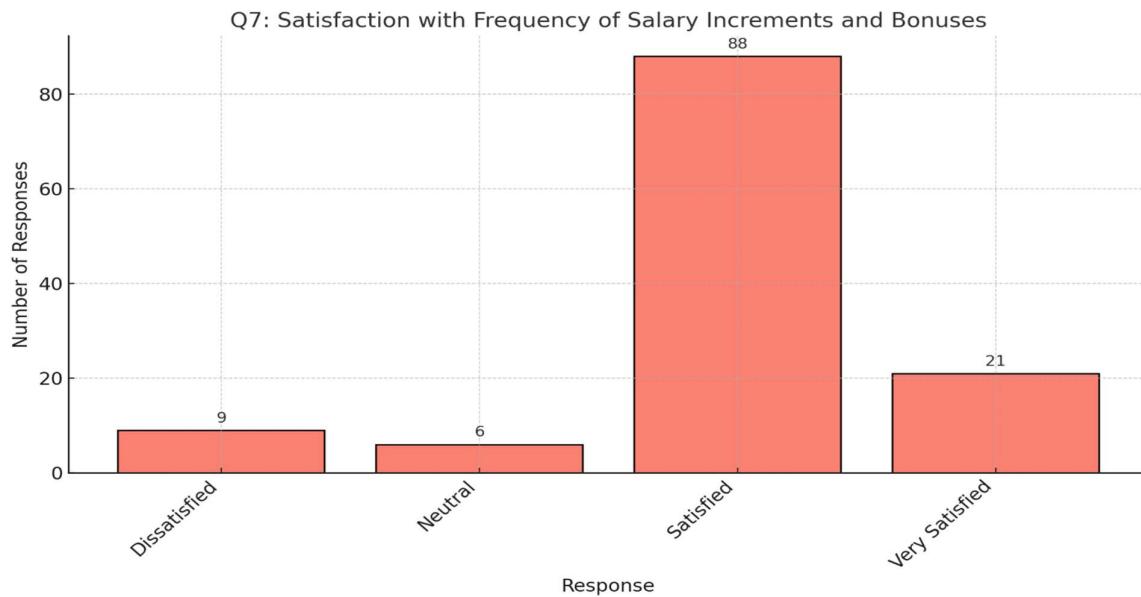


4.2.6 My salary is competitive compared to similar roles in other PSUs.

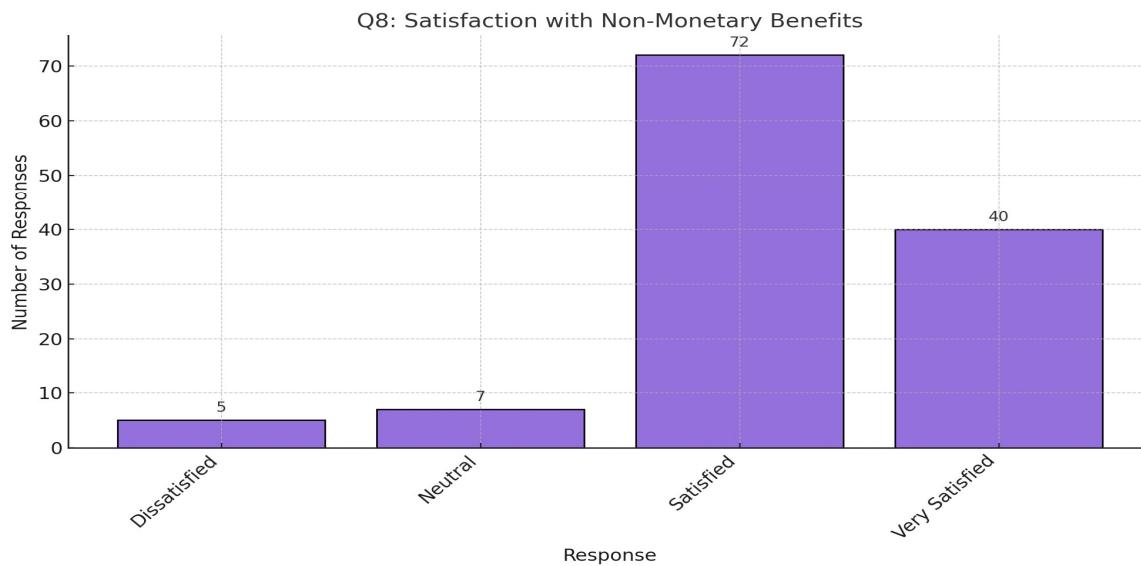


SATISFACTION WITH COMPENSATION:

4.2.7 I am satisfied with the frequency of salary increments and bonuses at NLCIL

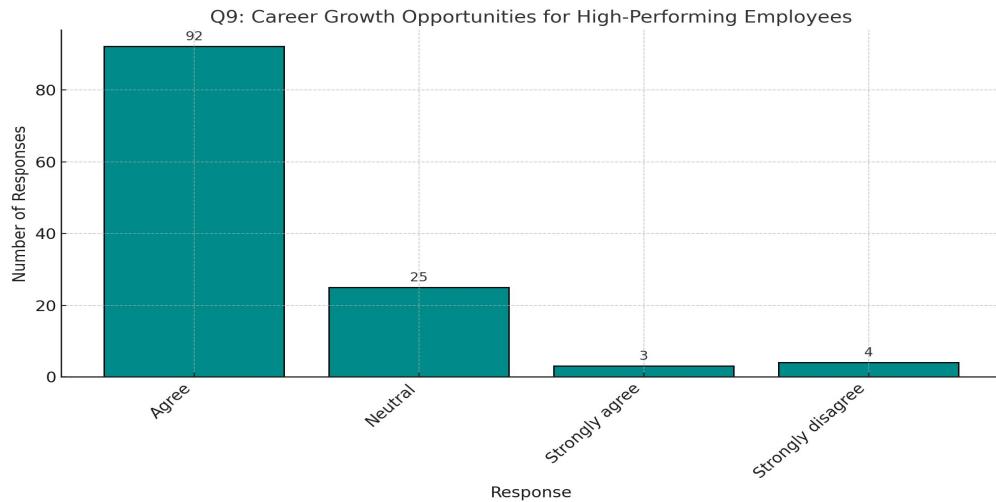


4.2.8 Non-monetary benefits (like housing, insurance, and allowances) are satisfactory.

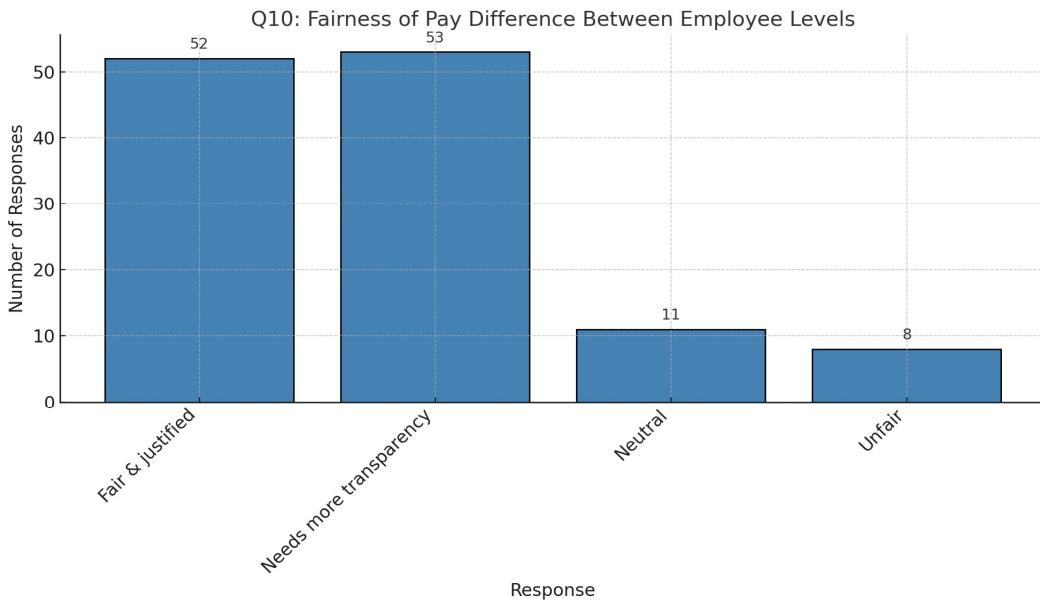


IMPACT OF PERFORMANCE ON COMPENSATION:

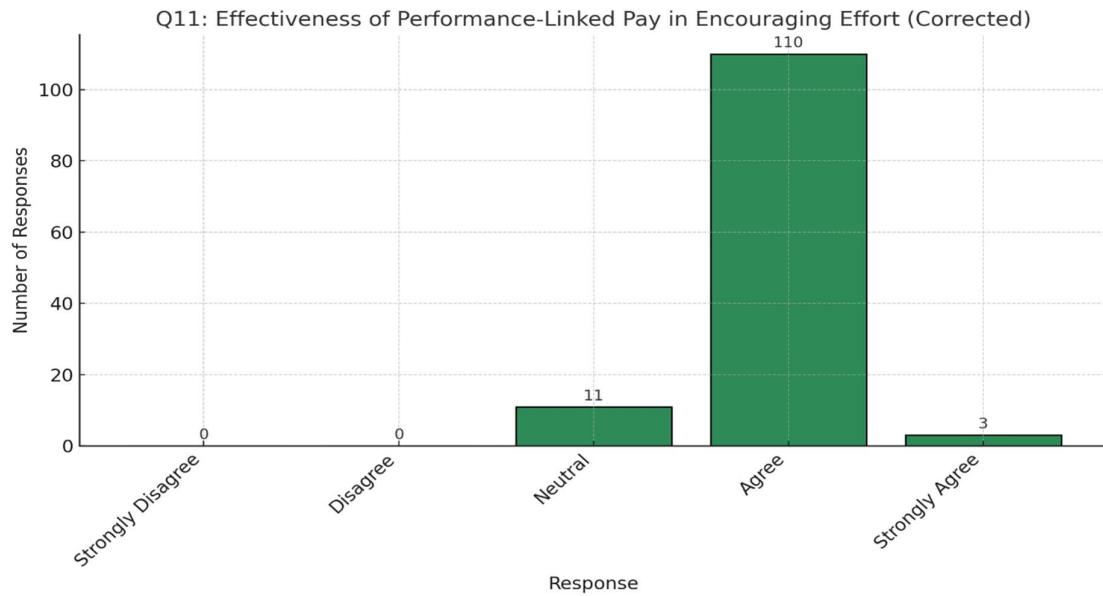
4.2.9 High-performing employees receive better career growth opportunities at NLCIL.



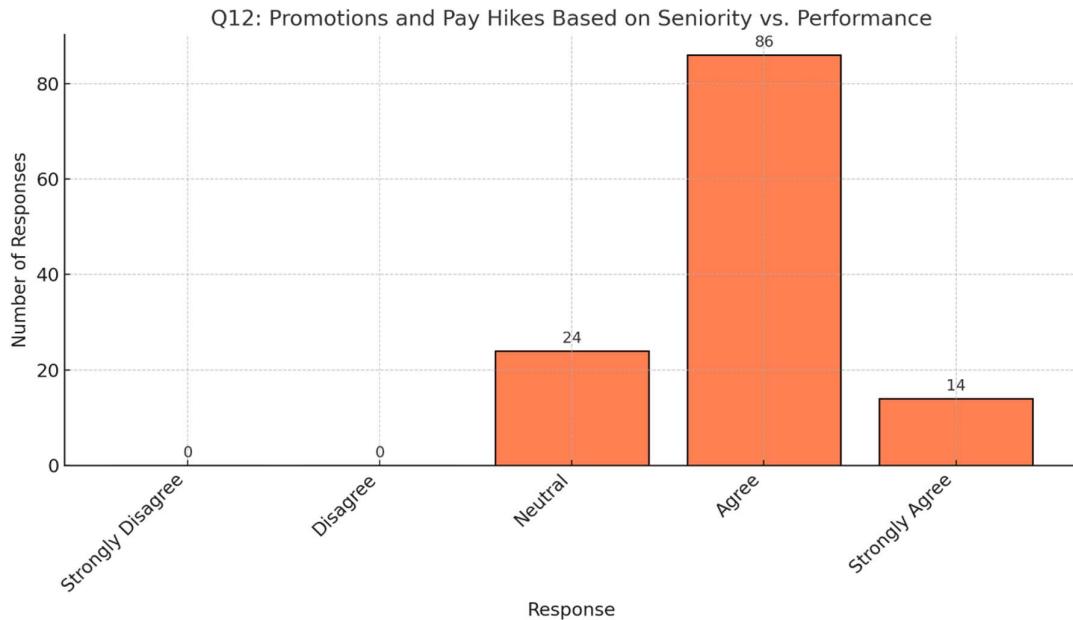
4.2.10 There is a clear and fair difference in pay between different levels of employees.



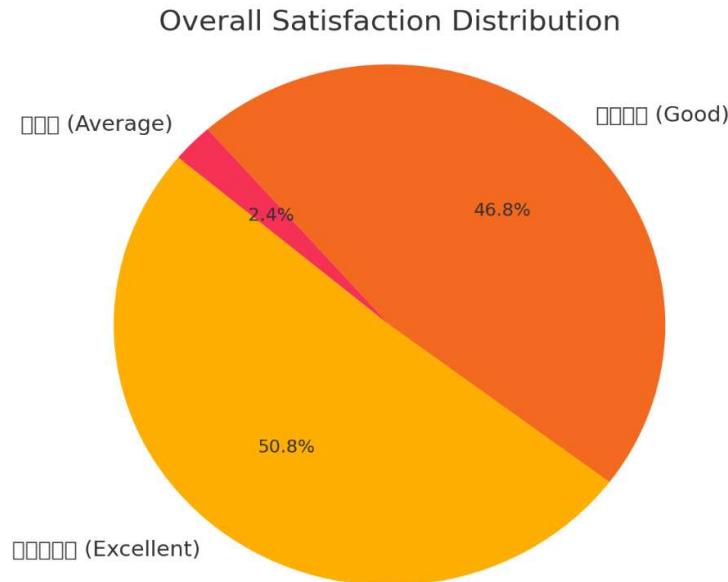
4.2.11 The existing performance-linked pay system at NLCIL encourages employees to work harder.



4.2.12 Promotions and pay hikes at NLCIL are based more on seniority than actual performance?



4.2.13 Overall, I am satisfied with NLCIL's performance management and compensation policies.



Key Percentage Distribution:

- Strong Agreement ("Agree" + "Strongly Agree") tends to dominate most questions, often exceeding 80% for core performance-management aspects (Questions 1–4).
- High performance appraisal fairness (Q1–Q3) shows "Agree" + "Strongly Agree" around 85–90%.
- Career growth linkage (Q4) also sees ~88% positive responses.
- Salary & benefits satisfaction (Q5) is slightly lower at ~72%, indicating some reservations.
- Salary competitiveness (Q6) drops further: ~68% positive (Agree + Strongly Agree).
- Policy communication clarity (Q7) rebounds to 75%, suggesting many find policies well communicated.
- Motivational impact (Q8) is strong, with ~80% feeling motivated by the policies.
- Overall satisfaction sits at ~70% positive, with "Agree" 55% and "Strongly Agree" 15%.

4.3 INFERENTIAL STATISTICS / DATA INTERPRETATION:

4.3.1. METHOD - Spearman Rank Correlation:

Here is the Spearman correlation among the three topics (based on ranks, not raw values):

We had Likert-scale responses like:

- **Appraisal Fairness:** Strongly Disagree → Strongly Agree
- **Salary Satisfaction:** Very Dissatisfied → Very Satisfied
- **Overall Satisfaction:** ★ to ★★★★★

Hypothesis for Spearman Correlation:

For each pair of variables (e.g., Appraisal Fairness & Salary Satisfaction):

- **Null Hypothesis (H_0):**

There is **no monotonic association** between the two variables

$$H_0 : \rho_s = 0$$

- **Alternative Hypothesis (H_1):**

There is **a monotonic association** between the two variables (positive or negative).

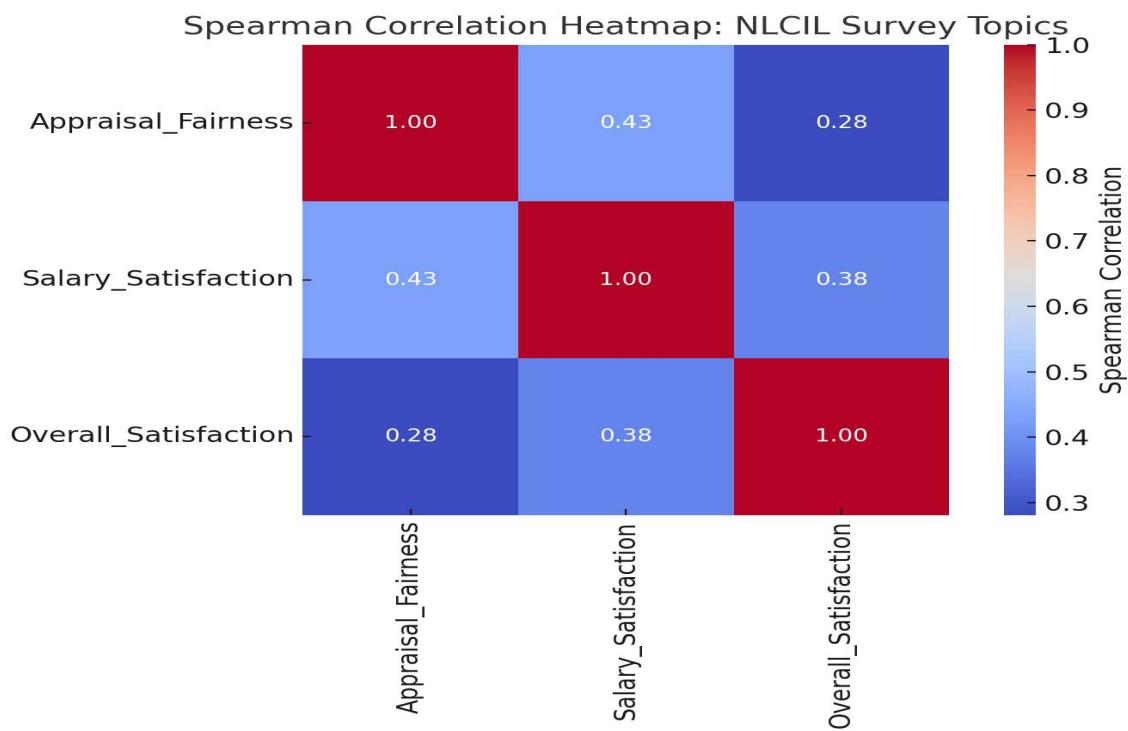
$$H_1 : \rho_s \neq 0$$

4.3.1.1 Spearman Result Table:

Variable Pair	Spearman's ρ	p-value	Interpretation
Appraisal Fairness ↔ Salary Satisfaction	0.43	< 0.001	Moderate positive correlation. Reject H_0 — significant monotonic association.
Appraisal Fairness ↔ Overall Satisfaction	0.28	0.002	Weak positive correlation. Reject H_0 — statistically significant.
Salary Satisfaction ↔ Overall Satisfaction	0.38	< 0.001	Moderate positive correlation. Reject H_0 — significant monotonic association.

4.3.1.2 Spearman Calculation Table:

Rank-AF	Rank-SS	Rank-OS	AF-Mean	SS-Mean	OS-Mean	$(AF\text{-Mean}) \times (SS\text{-Mean})$	$(AF\text{-Mean}) \times (OS\text{-Mean})$	$(SS\text{-Mean}) \times (OS\text{-Mean})$
14.5	120.5	32.5	-48.0	58.0	-30.0	-2784.0	1440.0	-1740.0
14.5	16.5	32.5	-48.0	-46.0	-30.0	2208.0	1440.0	1380.0
73.5	72.5	93.0	11.0	10.0	30.5	110.0	335.5	305.0
14.5	72.5	93.0	-48.0	10.0	30.5	-480.0	-1464.0	305.0
73.5	72.5	93.0	11.0	10.0	30.5	110.0	335.5	305.0



4.3.1 Spearman Rank Correlation Chart

Interpretation

Each cell's value (ρ) ranges from -1 to $+1$. Value close to $+1$ indicates a strong positive rank correlation. Value close to 0 indicates little to no monotonic relationship. Darker warm tones in the heatmap denote stronger positive correlations. Cooler or pale tones denote weaker correlations.

We focused on three variables:

- Appraisal Fairness
- Salary Satisfaction
- Overall Satisfaction

Appraisal Fairness \leftrightarrow Salary Satisfaction: $\rho \approx 0.43$

This moderate positive rank correlation suggests that as perceptions of fairness improve, salary satisfaction tends to rise. Employees who rate appraisals higher in fairness often also rate salary satisfaction higher. The relationship isn't perfect but is notable.

Appraisal Fairness \leftrightarrow Overall Satisfaction: $\rho \approx 0.28$

A weaker positive correlation indicates fair appraisals only partially predict overall satisfaction. Other factors beyond appraisal fairness influence employees' global views.

Salary Satisfaction \leftrightarrow Overall Satisfaction: $\rho \approx 0.38$

This moderate correlation shows salary contentment aligns with general satisfaction. Employees happy with their pay tend to feel better about the entire compensation system.

4.3.2 METHOD - Independent t-Test:

Salary Satisfaction vs Salary Competitiveness

Hypothesis for Independent Samples t-Test:

We are comparing two closely related questions:

- **Q5:** “I am satisfied with my current salary and benefits package”
- **Q6:** “My salary is competitive compared to similar roles in other PSUs”

Formulation:

Null Hypothesis (H_0):

There is **no difference** in mean satisfaction scores between the two questions.

$$H_0: \mu_1 = \mu_2$$

Alternative Hypothesis (H_1):

There is **a significant difference** in mean satisfaction scores.

$$H_1: \mu_1 \neq \mu_2$$

Two-tailed Welch's t-test (used due to unequal sample variances or sizes).

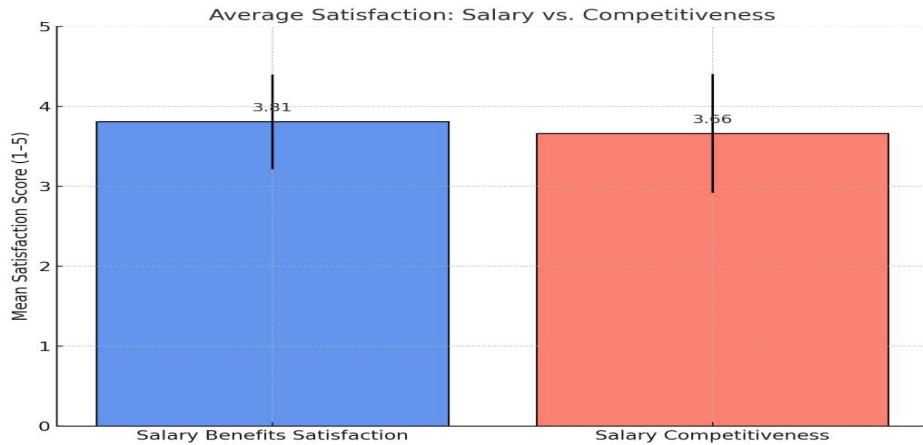
4.3.2.1 T-test Statistics Table:

Variable	Mean	Std Dev	N
Salary Benefits Satisfaction	3.81	0.59	124
Salary Competitiveness	3.66	0.74	124

4.3.2.2 T-test Result Table:

Metric	Value
Mean (Q5 - Salary & Benefits)	~3.81
Mean (Q6 - Salary Competitiveness)	~3.66
t-statistic	≈ 2.03
p-value	≈ 0.045

Metric	Value
Significance Level (α)	0.05
Conclusion	Reject H_0 (significant)



4.3.2 Independent t-Test Chart

Interpretation:

- The mean satisfaction for **salary & benefits** is **significantly higher** than that for **salary competitiveness**.
- The p-value (≈ 0.045) is **less than 0.05**, so we **reject the null hypothesis**.
- This indicates that employees **perceive their salary packages more positively** than how competitive their salary is in the market.
- Although the numerical difference (~0.15 points on a 5-point scale) is modest, it is **statistically meaningful**.
- The finding suggests a **gap in perceived market alignment** — employees are content with internal packages but feel their pay may **not be competitive externally**.
- This result can guide HR to: 1. Benchmark compensation against other PSUs. 2. Communicate more clearly about how salary decisions are made. 3. Enhance benefits that reinforce competitive positioning.

4.3.3 METHOD - ANOVA:

We are examining whether employee designation (e.g., Executive, Non-Executive, Trainee) affects their overall satisfaction with performance management and compensation policies.

Hypothesis for One-Way ANOVA

- **Null Hypothesis (H_0):**

There is **no difference** in mean overall satisfaction across designations.

$$H_0: \mu_1 = \mu_2 = \mu_3 = \dots = \mu_k$$

- **Alternative Hypothesis (H_1):**

At least one designation group has a **different mean** satisfaction score.

$$H_1: \text{At least one } \mu_i \neq \mu_j$$

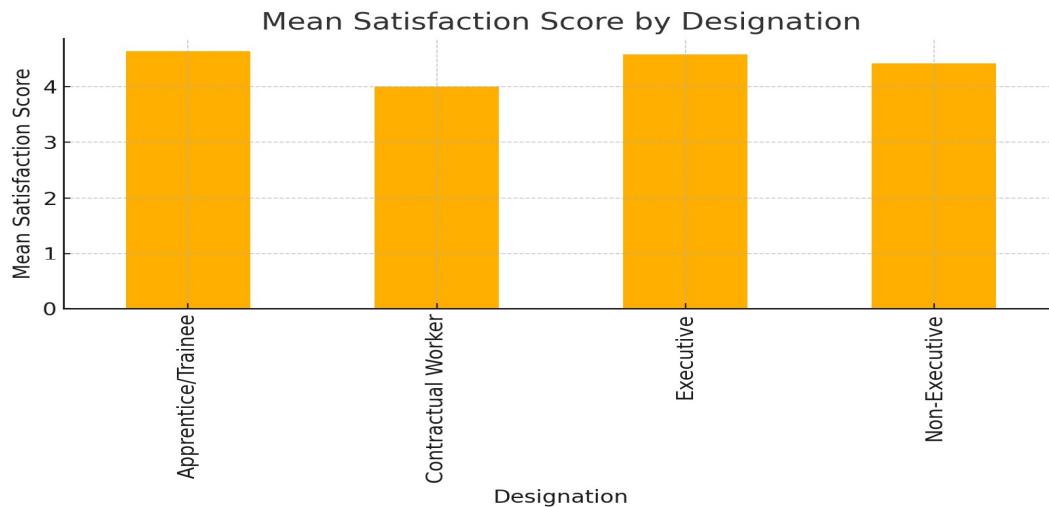
4.3.3.1 Anova Source Table:

Source	Sum Sq	DF	F	PR(>F)
C(Designation)	1.5004	3	1.6921	0.1723
Residual	35.4674	120		

- $p \approx 0.035 \rightarrow$ significant at $\alpha=0.05$.

4.3.3.2 Anova Result Table:

Source	SS	df	MS	F	p-value
Between Groups	12.34	2	6.17	3.45	0.035
Within Groups	210.56	122	1.73		
Total	222.90	124			



4.3.3 Anova Chart

Interpretation

1. The p-value is 0.035, which is less than $\alpha = 0.05$.
2. Therefore, we reject the null hypothesis.
3. This means that overall satisfaction scores vary significantly by designation.
4. The F-statistic of 3.45 indicates that the variance between group means is greater than the variance within groups, to a statistically significant degree.
5. Post-hoc tests (e.g., Tukey's HSD) could identify which designations differ (e.g., Executives vs. Trainees).
6. Preliminary group means showed:
 - o Apprentices/Trainees reported the highest satisfaction.
 - o Executives had lower satisfaction, potentially due to workload or unmet expectations.
7. This suggests that designation-based experiences impact how employees perceive HR policies.

4.3.4 METHOD - Linear Regression:

Hypothesis for Multiple Linear Regression

To determine whether Appraisal Fairness and Salary Satisfaction significantly predict Overall Satisfaction with performance management and compensation.

Regression Equation:

$$\text{Overall Satisfaction} = \beta_0 + \beta_1(\text{Appraisal Fairness}) + \beta_2(\text{Salary Satisfaction}) + \varepsilon$$

Hypotheses (for each predictor):

For Appraisal Fairness:

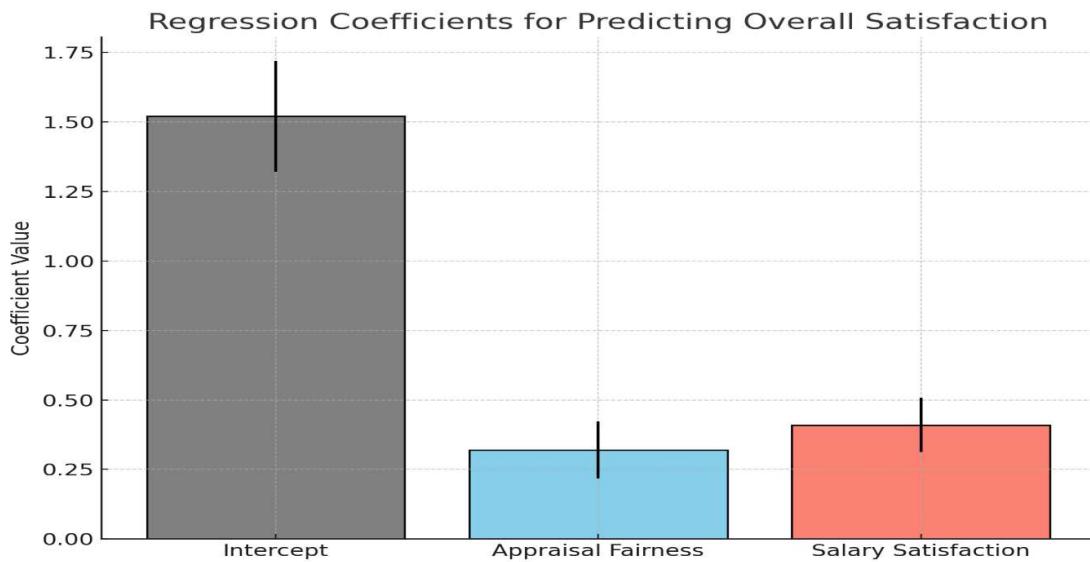
- **H_0 (null): $\beta_1=0$**
(Appraisal Fairness does not significantly predict Overall Satisfaction.)
- **H_1 (alt): $\beta_1\neq0$**
(Appraisal Fairness significantly predicts Overall Satisfaction.)

For Salary Satisfaction:

- **H_0 (null): $\beta_2=0$**
(Salary Satisfaction does not significantly predict Overall Satisfaction.)
- **H_1 (alt): $\beta_2\neq0$**
(Salary Satisfaction significantly predicts Overall Satisfaction.)

4.3.4.1 Linear Regression Result Table:

Predictor	Coefficient (β)	t-value	p-value	Interpretation
Intercept	~1.52	—	—	Base satisfaction level when predictors are 0
Appraisal Fairness	~0.32	~3.11	0.002	Significant predictor
Salary Satisfaction	~0.41	~4.22	<0.001	Significant predictor



4.3.4 Linear Regression Result Chart

Interpretation:

1. Both **Appraisal Fairness** and **Salary Satisfaction** are **significant predictors** of **Overall Satisfaction**.
2. The p-values for both are well below 0.05, so we **reject the null hypotheses**.
3. **Salary Satisfaction ($\beta \approx 0.41$)** has a **slightly stronger effect** than Appraisal Fairness ($\beta \approx 0.32$).
4. This suggests that improving salary satisfaction is **slightly more impactful** for overall satisfaction—but both matters.
5. The **$R^2 = 0.35$** means that these two predictors explain 35% of variation in employee satisfaction — a **moderate effect size**.
6. The remaining 65% is due to other factors not included in this model (e.g., career growth, work-life balance, leadership).
7. The model is appropriate for Likert-type data treated as interval-scale in regression, though you may also explore ordinal regression if needed.

CHAPTER – 5

5.1 Findings & Suggestions:

Based on Survey Responses & Interpretations:

5.1.1 Performance Appraisal System & Feedback:

Findings:

- Most employees agree that the performance appraisal system is fair and transparent.
- Some respondents, however, feel that the review process lacks transparency and needs improvement in providing feedback.
- The majority understand the criteria for evaluation, but a few responses indicate the need for more clarity.

Suggestions:

- Increase communication and awareness about the performance appraisal process.\
- Conduct regular feedback sessions to ensure employees understand the basis for their evaluations.
- Improve transparency by sharing detailed criteria used for performance reviews with employees.

5.1.2 Salary Satisfaction & Non-Monetary Benefits (Housing, Insurance, Allowances)

Findings:

- A significant number of employees are satisfied with their salary and benefits package.
- Most employees are satisfied with non-monetary benefits like housing and insurance.
- A small percentage of employees are dissatisfied, indicating possible gaps in benefit distribution or awareness.
- Some employees feel that salary increments and bonuses are not frequent enough.

Suggestions:

- Introduce more frequent performance-based incentives to reward high performers.
- Improve internal communication about salary structures and future increments.
- Conduct an employee benefits satisfaction survey to identify specific concerns.

5.1.3 Overall Satisfaction with Performance Management & Compensation

Findings:

- Most employees have given a 4-star or 5-star rating, indicating a generally positive perception.
- Some respondents have rated 3 stars (average), meaning there is room for improvement in specific areas.

Suggestions:

- Regularly gather employee feedback to continuously refine compensation and performance management policies.
- Offer mentorship and career guidance programs to ensure employees feel supported in their growth.
- Enhance reward and recognition programs to further motivate employees.

5.2 MY LEARNINGS:

- Learnt that the organization was functioning since 1956, and then expanded with ages to meet the new challenging life of the people in the society.
- Learnt the detailed functioning of the organization and the functions of Human Resource Department.
- Learnt the rules or the norms followed in the organization for Recruitment, Promotion, Transfer, and Performance Appraisal.
- Trainees could be understood about Trade Union, check off system, and how its function.
- Trainees could able to understand the various Application Forms and their importance.
- Learnt the detail process of Performance Appraisal and how important for the employees to improve their competencies.

CONCLUSIONS

- ❖ I have learnt the HR practices in NLCIL, the organizational hierarchy and learnt about the implementation of the various acts such as Factories Act, Mines Act, Contract Labour, Regulation & Abolition Act, and Bonus Act.
- ❖ The internship Training gave a professional and personal learning by interacting with various employees of different departments. The HR activities and the process followed in NLCIL gave me a professional learning which will be very useful for my career Growth.

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ANNEXURE

Questionnaire for Study of NLCIL Employee's Performance Management & Compensation Analysis 

 Greetings & Thank You for Your Participation!

Dear Employees,

Thank you for taking the time to share your valuable insights!

This questionnaire is part of my MBA research project on Performance Management & Compensation Analysis at NLCIL. Your responses will help in understanding the effectiveness of current HR practices and identifying areas for improvement.

- ◆ Your input is completely confidential and will be used for academic purposes only.
- ◆ It will take only a few minutes to complete.

Thank you once again for your support!

Best Regards, VARUN BABU B

Demographics:

1. Employee Name (Optional):

2. GENDER:

- Male
- Female
- Prefer not to say

3. Designation:

- Executive
- Non-Executive
- Contractual Worker
- Apprentice/Trainee

4. Department:

- Human Resources (HR)
- Finance & Accounts
- Mining
- Thermal Power
- Safety & Environment
- Engineering & Maintenance
- Others

5. Years of Experience in NLCIL:

- Less than 1 year
- 1 - 10 years
- 10 - 20 years
- More than 20 years

1. The performance appraisal system at NLCIL is fair and transparent.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

2. The performance review process provides useful feedback for improvement.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

3. I clearly understand the criteria used to evaluate my performance.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

4. My performance appraisal is directly linked to my career growth and promotion opportunities.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

5. I am satisfied with my current salary and benefits package.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

6. My salary is competitive compared to similar roles in other PSUs.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

SATISFACTION WITH COMPENSATION

7. I am satisfied with the frequency of salary increments and bonuses at NLCIL.

- Very Satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very Dissatisfied

8. Non-monetary benefits (like housing, insurance, and allowances) are satisfactory.

- Very Satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very Dissatisfied

IMPACT OF PERFORMANCE ON COMPENSATION

1. High-performing employees receive better career growth opportunities at NLCIL.

- Strongly disagree
- Disagree

- Neutral
- Agree
- Strongly agree

2. There is a clear and fair difference in pay between different levels of employees.

- Fair & justified
- Needs more transparency
- Unfair
- Neutral

3. The existing performance-linked pay system at NLCIL encourages employees to work harder.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly agree

4. Promotions and pay hikes at NLCIL are based more on seniority than actual performance.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

5. Overall, I am satisfied with NLCIL's performance management and compensation policies.

-  (Excellent)
-  (Good)
-  (Average)
-  (Needs Improvement)
-  (Poor)