

# IDENTIFYING THE KEY FACTORS INFLUENCING THE INDUSTRIAL GROWTH AND PERFORMANCE OF SAIL AFTER THE REFORMS

**ROSHAN BAA, DR. A.K. CHATTORAJ**

Assistant Professor. Department of Commerce.

St. Xavier's College, Ranchi, India

Email: roshansjranchi@gmail.com

Orcid: <https://orcid.org/0000-0002-6582-4372>

Associate Professor. University Dept. of Commerce and Business Management, Ranchi University;

Former Acting Chairman JPSE.

Email: drajaykrchattoraj@gmail.com

Orcid: <https://orcid.org/0000-0003-2576-945X>

**Abstract:** *Without the steel industry, economic innovations that serve society are not at all possible. Iron and steel industrial company like SAIL Company is bound to set high standards to strengthen their operation and challenge boundaries through planned acquisitions. Because of this kind of standard, this public sector company is always ready to provide support and assistance in other sectors of the economy. This study is based on the secondary qualitative data collection and statistical analysis of the research to show factors contributing to the overall performance and growth of the SAIL Company in India as well as in the global platform.*

**Keywords:** *SAIL, reforms, Industrial growth*

## 1. INTRODUCTION

Reforms implied on public sector companies are one of the essential liberation policy measures as well as initiatives for improving as well as strengthening the competitive boundary of public sector companies. Public sector or government sector reforms will aid more extreme competition and a challenging environment within the industries that would provide support and assistance in the sustainability of various kinds of industries. The main aim of this study is to understand and especially identify the key factors or elements that influence the industrial growth and performance of S.A.I.L. after its reformation.

From the context of business economic services, it can be seen that inside a government sector like S.A.I.L., various reformations are constantly being implemented to maintain the sustainability of the economy. These reformations consist of privatisation, disinvestment, and liberalisation of trade, globalisation, and so on. Being an Indian company, the government of India managed to diminish the financial load and pressure, especially during the financial or global pandemic crisis, and introduced reforms to meet the requirement of getting ease of entrance to backup resources. S.A.I.L. is one of the largest steel-producing and manufacturing public sector organisations in as well as across India.

In the present time, it produces iron and steel at its merged iron and steel power plants due to which this company also enjoys an advantageous financial and operational economy. Besides many opportunities, the company has indeed faced various challenges after the reforms adopted in the company. Reforms like privatisation made way for the organisations to strengthen their respective management techniques to upgrade their lucrativeness for the organisation and growth. During the post-reform, the Indian Steel Industry has been the support for the economic development of the country.

## 2. RATIONALE AND OBJECTIVE OF THE STUDY

Steel Authority of India Limited is one of the upcoming iron and steel industries in the global world. The Government of India's participation in the modernisation of industrial policy and other measures has provided support for access, participation, and growth of the public sector in the

steel industry. The main purpose of this study is to examine the post-reform of SAIL and identify the key determinants that impact its growth and performance of it. Amongst the policies of SAIL, this company primarily promotes environmentally responsible etiquette in almost all the shareholders (SAIL, 2023). Throughout the study, some objectives are created by the researchers who are taking up and participating in the study. The objectives of this study are:

- To estimate the competence and productivity of the Indian iron and steel company in domestic as well as global markets.
- To identify the impact of key factors that nurtures the managerial performance of the company.

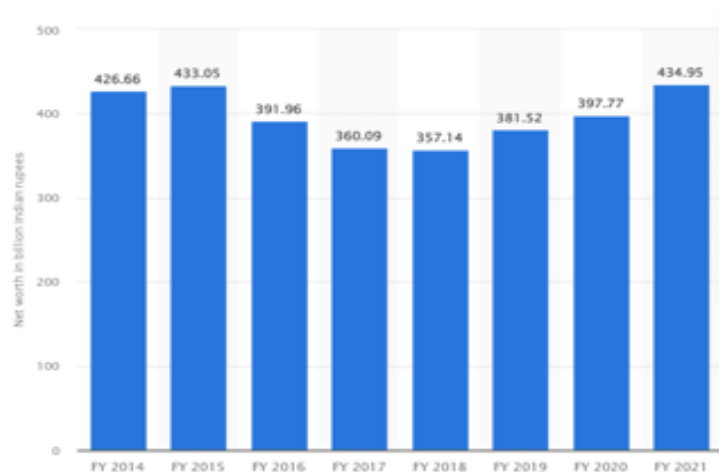


Figure 2.1: Net worth of SAIL in India  
(Source: Sun, 2022)

#### 4. REVIEW OF LITERATURE/RESEARCH GAP

##### Availability of cheap and ample amount of labours

Labour productivity is one of the important factors of productivity and organisational smooth performance of the workplace. This factor is directly linked to the manufacturing stages of any organisation. An eminent manufacturing industry like SAIL provides a sustainable push to improve labour productivity to bring it in balance with various steel manufacturing companies (SAIL, 2023). In a developing country like India, vacancies are low but the population is much more than expected. Hence, it can be said that this developing country has a large number of labourers which can help in the smooth operation of the company.

##### The degree of competition that SAIL faces in the market

The company's push on increasing the revenue from value-added goods pays more dividends. An essential hike in domestic sales is achieved in railway materials, plates, TMT, HR coils, and other materials (SAIL, 2023). Being a lot of competition in the market, the preference of the company towards the economy has always been the SAIL Company such that the company could respond to the needs of the Indian Navy and upgrade the unique grade of plates for producing the first domestic aircraft carrier.

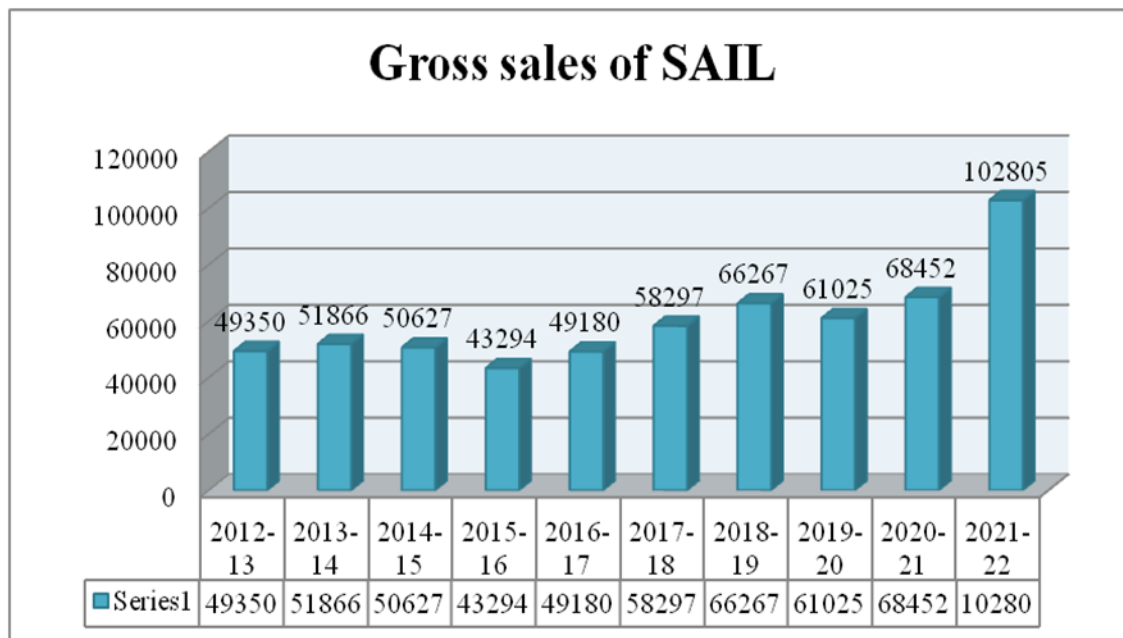
##### The challenge faced by SAIL in the recycling of cheap products

The SAIL Company has always believed that the shareholders or the risk holders of SAIL Company play a crucial role in the identification of key sustainable issues. Inputs and products of the valued shareholders are utilised for designing as well as recycling materialistic issues which help in the distribution of their sustainable priorities (SAIL, 2023). Instead of dumping cheap products and polluting the environment, the SAIL Company has created new measures of recycling and comfortably utilising iron and steel products.

## 5. METHODOLOGY

From the methodology, the study will reflect the process of the research through which it will reflect the data which have been preferred in the research to collect appropriate information. This chapter aims to identify the appropriate data, statistical interpretation, representations, and processes that are being encouraged in this project. Data is classified into two types; this comprises primary and secondary research data. Primary data are generally collected when there are very few resources available or not available on various platforms. Secondary data are collected when there is several data and information available but the researcher has to summarise it through someone else's research. Moreover, these data are of two natures, these are qualitative and quantitative data (Belhadi *et al.* 2021). Secondary quantitative data will be preferred in this study as there is ample information and this acts as a beginning point when a process of interest is uncertain.

## 6. DISCUSSIONS AND ANALYSIS



**Figure 6.1: Statistical 3-D bar representation depicting the increase in the gross sales in SAIL Company**  
(Source: MS Excel, 2012-22)

From the above given statistical figure, it has been shown that the sales of the SAIL company have been increasing every year, considering its new challenges and opportunities in the economic and business sector. For general interpretation, in the given figure, the X-axis represents the previous ten years that the company has been making progress in its sales. The Y-axis represents the number of sales this company has been making by meeting the organisational goals and objectives in the market. The amount of sales achieved in the company is much higher as compared to the previous years.

This level of sale was possible to achieve with the help of cheap and ample amounts of highly skilled labourers in the organisations. Without them, the daily operations of the company would not be possible to meet the organisational goals and objectives. This trustworthy organisation is considered one of the most environmentally friendly companies in India, especially for the employees in the long run. The labourer or workers is one of the main factors which is responsible for the hike in sales of the company. If the labourers are found to be less efficient in their daily operations in the later phase, then this company will not fire their workers, this company will provide proper training, guidance, and development for those workers.

Another factor that is responsible for the hike in sales of SAIL Company is the level of competition that the company faces in the market. This company already makes the internal environment so

competitive that it has drawn a competitive edge in the organisation. As a result, there are very few substitute companies that have tried to compete with this company. This type of environmental attitude is needed in many industries to sustain them in the market to increase the sales, revenues, and assets required in the organisation. The manufacture and production of automobiles, aviation aircraft, aerospace aircraft, technological structures, and various other infrastructures are done by this company due to which it has landed on a global platform.

The third most factors which arises in this hike in sales is the challenges faced by SAIL and how it turned those challenges into opportunities to recycle the products which are either damaged, defective or cheap. As the objective of the company itself says that the company promotes an environmentally friendly atmosphere in the economy, with the help of modern means of technology, these cheap iron and steel products are continuously being recycled for the further purpose of future times. This gives to benefit the company to sustain itself in the market with the help of its recycling capability to protect the environment and not cause any pollution to the earth and its elements. That is why the government provides favourable support to this company.

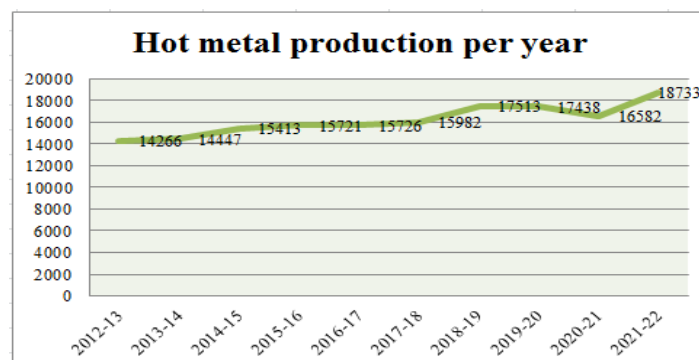
The steel authority of India limited (SAIL) identifies the contribution impact of the HR process and its potential to create competitive advantages. Through support of technology the company has enhanced the techniques of making work processes easier and developing labour productivity. Company has adopted the strength of manpower to deliver a huge amount of productivity with achieving judicious recruitments as well as building competencies (Sail.co.in, 2022). Therefore, a company determines the development of the employees can enhance the performance growth of the organisation and involving the activities regarding training can implement sustainable efforts with including the requirements of the resources. Through facilitating the SAIL including “public procurement policy” can enable the informative data acquisition through micro and small enterprises between the financial years of 2021-22. The capital expenditure of about 6,013 crore was included in the FY 2021-22 in response to a plan that requires t `8,000 crore for the FY 2022-23.

Particulars	2021-22	2020-21
Total Amount of Procurement	6561.33	3747.22
Total Procurement from MSE	2233.73	1384.31
%age Procurement from MSE	34.04	36.94

**Figure 6.2: Modernisation & expansion Plan**

(Source: Sail.co.in, 2022)

The “National Joint Committee for Steel Industry” has approaches to indicate the safety and health as well as environmental factors in the steel industry. The influences of the development in the skills of the employee can relate to the productivity development of the company. The SAIL has reached success in the present level with developing employee’s skills and exploring their knowledge. The production of the hot metal has denoted growth rigorously in the frequent years. In 2012 to 2013 it researched up to 14266 and after curtain years in 2022 it reached above 18733.



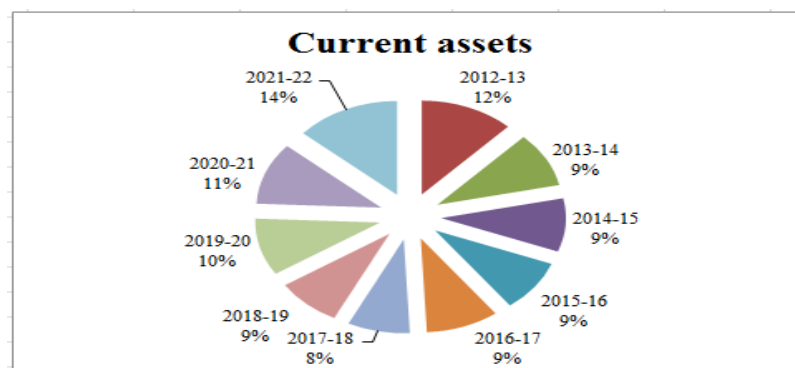
**Figure 6.3: Growth in the production of hot metal, 2021-2022**

(Source: MS Excel)

The above diagram indicates the growth of the hot metal production every year and considers the constant sustainability in the production process. This information delivers the potential impact of the growth that contributes to the development of the economy as well. Reformation in the HR process can enhance the quality of the productivity and develop the knowledge through integration of technology. The improvement in productivity can emphasise the competitiveness in the production industrial sector and CSR activities also involve improving the key factors of the social structure of the internal organisational environment.

Through providing support in different areas of the CSR is including taking initiatives regarding the Education and Health, skills development and women empowerment. These factors conclude the expenditure of n `94 crore in the financial year of 2022 by acquiring CSR policies. SAIL activities are enhanced by the improvement in the management process and its mines as well as township are considered the safety factor of its employees. The SAIL introduces a number of products including face mask, gloves and aprons as well as medicines and food distribution to improvise the employee's safety and reduce the issue of vulnerability and also requirements of the society selection. SAIL plant also takes a step forwards regarding improving care facilities equipment. SAIL builds hospitals that manage through approaching highly efficient doctors including para-medical staff.

SAIL is also involved in the digital transformation for improving the operational process that relates to introducing the faster solution. It implemented support by building a trust through providing key information to all other stakeholders. The informative data drives to analyse by the stakeholders helps to make beneficial decisions regarding production and creates opportunity to attract the potential customers. The skill development of management can ensure better suppliers that hold the customers' trust and its efficient employees can deliver a good quality of productivity (Marshall *et al.* 2020). As per the informative data analysis it is clear that performance of the Indian steel industry is almost positive during pandemic and requirement of the production emphasis to generate investment. SAIL introduces the investment proactively and constantly shares information with other stakeholders by using communication channels. The contribution of the stakeholders emphasise the external and internal factors of the company. The progressive report of the SAIL is able to convey the Ministry of Steel for giving support while challenging times.



**Figure 6.4: Current assets growth**  
(Source: MS Excel)

The above diagram explains the growth in the current assets of the SAIL and indicates the probability of the future long term sustainability. Therefore, in 2012-2013 the current assets growth is indicated at 36544 and coming to the 2021-22 year it reaches up to 40918. The detailed analysis considers a step up of the SAIL with huge growth in their current assets. From the year of 2012 it increased by 11% and after the year it constantly increased. However, in 2018 it slightly fell down with come on 8% and after a year it constantly improved till 2022 it touched 14%. This frequent change in the growth scale indicates the impactful development of the SAIL with considering sustainability. SAIL creates efforts on the responsible corporate people in the city and the

government helps to initiate the ambition at COP26 in the company by reducing the carbon emission with increasing the renewable share.

Development in the SAIL performance contribution of the supply chain plays an important role that helps to streamline the operational activities regarding production. Through analysing the current year 2022 has avoided about 5.5% in the production of curd steel and creates issues in the growth. However, projection over the 2023 is analysing approximately 2.2% of growth of the company that relies on the position of the Russia-Ukraine war that has come to be ended in the 2022 course. SAIL chairman Shri P.K. Singh has been visiting the "Rourkela Steel Plant " for interaction with their employees with the aim of enthusing them (SAIL, 2020). It provides knowledge about the integrated technology in the operational process and to face challenges that prioritise the determination of the company towards the development of SAIL units. This mill of the company creates a potential to develop a demand through the segmentation of the niche customers and step up the direction towards "Make in India". SAIL plant also meets with different sectors such as manufacturing and power and also implemented a special grade of DMR-249A steel plates on the requirement of the Indian Naval.

The Steel Authority of India Ltd (SAIL) considers the frequent growth in the sector of steel plants through the help of the government and its economic growth is constantly improved through raising an enormous demand regarding iron as well as steel. The steel plant drives a huge potential of production by developing the performance and skill of its labour. However, the government determines the increasing demand and supply of the private steel and iron production that has given access to the expansion of TISCO and IISCO companies.

## The SAIL Network

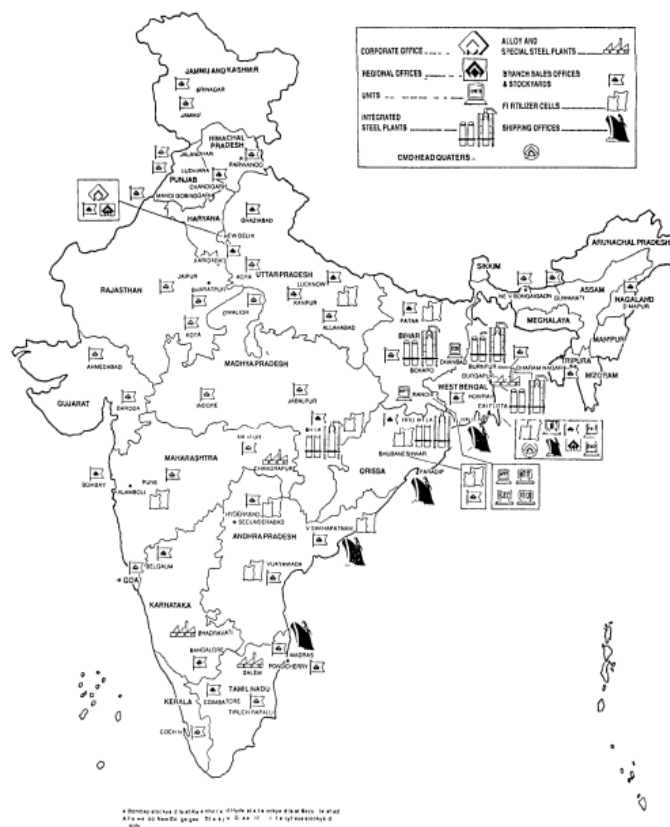
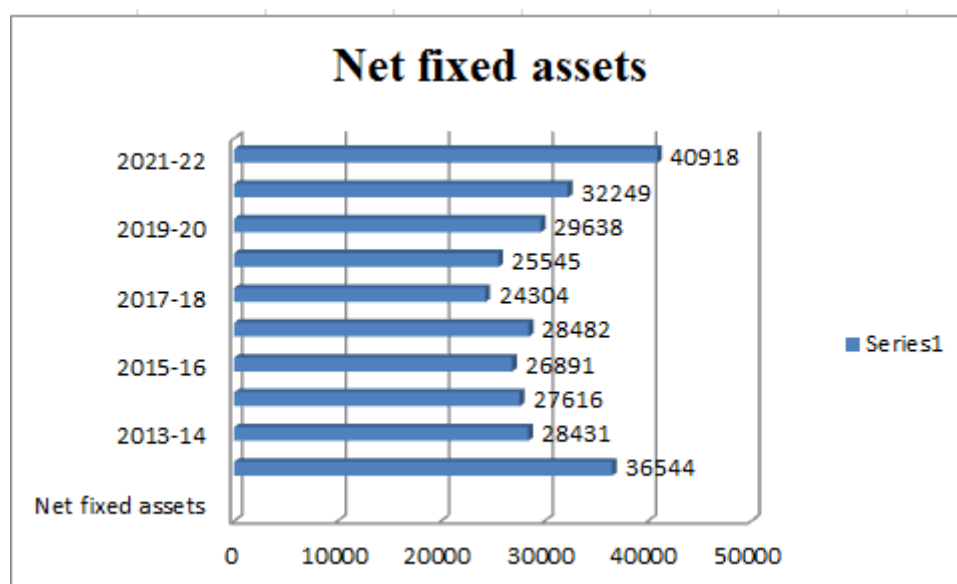


Figure 6.4: The network of SAIL  
(Source: Economic times, 2021)

The steel plant is responsible for major development in the overall performance and contribution of the major inputs regarding the coal and iron. The steel units included the Hindustan Steel Limited under its authority and created achievement deliveries much lower instead of the pretended target. However, SAIL has been registered under Indian Companies Act, 1956 that results it is totally owned by Indian government enterprises (Economic times, 2021). Therefore, it is considered a flagship regarding the public sector industry of India. The organisation reached the tenth rank in the world as the largest producer with a turnover of about Rs 13,000 crores annually. The presence of the SAIL in recent count is 70 countries globally including Canada and china, The UK and in other countries. A huge transition in the operational programme for reaching the stringent towards fulfil the requirements of international quality with ensuring the capacity about 15 million tons of making the saleable steel.



**Figure 6.5: Net fixed assets**  
(Source: MS Excel)

The above diagram drives the analysis on the net fixed assets that indicate the potential about 36544 in the between year of 2012-13. Year by year its total fixed assets do not take growth in a constant way. Therefore, the lower performance to maintain the net fixed assets is shown in this diagram, which is 24304 between the year of 2017-18 than after a year it boosts the growth with reaching up to 25545 regarding the overall maintained capacity of fixed assets. Moreover, it constantly increases the performance that affects the rigorously growth of the total fixed assets. In the year of 2021 to 2022 the net fixed assets have increased, indicating such a huge quantity competitively for a few years that is 40918. Along with this, it is consistency of the company towards increasing the thrust on the fund management of judicious with including repaid the loans by meeting the timeline.

The SAIL is considered to emphasise the safety policies towards its employees and develop a SAIL Safety Organization (SSO) for monitoring the employees with spreading safety guidelines. There are different units of SAIL including steel plants and mines that have an existence of Fire activities and it is required to implement specific safety policies as well as develop an action system towards production. According to the Ministry of Steel safety guidance has been introduced and SSO is implementing the important private steel process of India.

## 7. RESULTS AND FINDINGS

The results and findings are the most essential chapter for this research to describe how the data from discussion and analysis are collected and how it has been interpreted using the secondary

quantitative data of the company. After applying ratio analytical methods like the gross profit margin, net profit margin, debt-equity ratio, current ratio, quick ratio, several turnover ratios, and other financial ratios have been used to calculate and estimate a significant relationship between them (Sharma, 2022). To bring the approximate sales, revenue, and asset value of the company, this was tested and applied in the calculations with the help of using mean, standard deviation, minimum and maximum, and Variance.

Regarding gross sales, this result has been found by collecting and recording data from the internet and using MS Excel sheets to produce a graphical representation that depicts the growth in sales of the company. It can be observed from the sales graph that in the financial year of 2012-13 sales were quite low compared to the present one because there was a lack of resources and labourers in the company (Sharma, 2022). Later, in 2013-14, there was a slight increase in sales which gave the company a sense of motivation and relaxation in the iron and steel industry sector. But this relaxation was not for long because, in 2014-15, this gave a sense of improvement and proper utilisation of resources in the company. Since then till now, there have been regular fluctuations in the sales of the company. After 9 years of fluctuating patterns and implementations of reforms, the SAIL Company recorded the highest sales value in its organisational history.

## 8. CONCLUSION

The iron and steel industry like SAIL has been touching and reaching new heights in strengthening the competitive boundaries of the company so that no substitute company will have the courage to beat them. This was only possible with the help of modern reformation of policies to put an impact on the internal and external factors of the environment. From the overall study in this research, it can be concluded that several factors play a crucial and supportive role in maintaining and boosting the growth and performance of the industry after the reform of corporate management policies. With the help of this reformation and the collected secondary quantitative data, it has been analysed that the sale, revenue, and assets of the SAIL Company have been increasing every year.

## REFERENCES

- [1] Belhadi, A., Kamble, S., Jabbour, C.J.C., Gunasekaran, A., Ndubisi, N.O. and Venkatesh, M., 2021. *Manufacturing and service supply chain resilience to the COVID-19 outbreak: Lessons learned from the automobile and airline industries. Technological forecasting and social change*, 163, p.120447.
- [2] *Economictimes.*, 2021. *Steel Authority Director Report*. Available at: <https://economictimes.indiatimes.com/steel-authority-of-india-sail-ltd/directorsreport/companyid-11974.cms> [Accessed on: 28<sup>th</sup> April, 2023]
- [3] Marshall, A., Allison, P. and Hearn, J., 2020. *The question of significance: Tall ship sailing and virtue development. Journal of Moral Education*, 49(4), pp.396-414.
- [4] SAIL, 2023. *Attaining Greater Height*. [Online], Available at: <https://sail.co.in/en/investors/attaining-greater-heights> [Accessed on: 28 April, 2023]
- [5] SAIL, 2023. *Our Vision*. [Online], Available at: <https://sail.co.in/en/company/vision>. [Accessed on: 28 April, 2023]
- [6] SAIL., 2020. *Product Differentiation is the key strategy to meet the competition*. Available at: <https://sail.co.in/en/sail-news/product-differentiation-key-strategy-meet-competition> [Accessed on: 26<sup>th</sup> April, 2023]
- [7] *Sail.co.in.*, 2022. *annual rePort 2021-22*. Available at: [https://sail.co.in/sites/default/files/ticker/2022-09/Sail%20Annual%20Report\\_2021-22.pdf](https://sail.co.in/sites/default/files/ticker/2022-09/Sail%20Annual%20Report_2021-22.pdf) [Accessed on: 26<sup>th</sup> April, 2023]
- [8] Sharma, M.S., 2022. *An Analytical Study Of Financial Performance Using Ratio Analysis Of Public Sector Enterprises With Special Reference To "SAIL" Post COVID 19. Journal of Pharmaceutical Negative Results*, pp.1481-1498.