Delivery of Plates at Pioneer Steel Company

Alok Sahay* and M Y Hussain**

Pioneer Steel Company (PSC) was a Government of India enterprise having integrated steel plants across the country. Plates were one of its prime products having strong customer demand. Managers of the company were always under pressure to satisfy the customer’s requirements for plates despite the constraints of availability and resources. However due to cyclic nature of steel industry there were occasions when due to slackened demand, the stocks of this material in the stockyards put tremendous pressure on stockyard infrastructure and as such internal pressure for sale and delivery of the material used to increase a lot. Thus there was always pressure on company executives to expedite sale and delivery of plates when stock went up. For immediate relief from such pressures there was a tendency from the seniors to put pressure on the subordinates for expeditious customer servicing.

Ramamurthy was a recently inducted executive of the company who was posted as in-charge of its Mulund stockyard at Mumbai. This stock yard was servicing sales order generated from its Sales Office in Mumbai. There was another stockyard at called Indira in Thane District very close to Mulund servicing sales orders of Thane Sales Office. Both used Mulund Public Railway siding for receiving materials from the production units. However, Mulund Stockyard did not have the facility of weighbridge, thus was using a facilities of public weighbridge half a kilometre away.

At one time Pioneer Steel Company was holding stocks of 30,000 MT of plates between these two yards when it got orders for 17,000 MTs of plates of which 10,000 MT was to be delivered from Indira Stockyard and balance 10,000 was to be delivered from Mulund Stockyard.

Indira Stockyard had no problem in despatching, as it was a 10 acre stockyard with stock level of about 15,000 MT with about 10,000 MT of plate stocks. It had its own weighbridge so despatch of plates was possible after weighment and there was no problem of availability of specific size and quality of plates.

However, in case of Mulund, there was a stock of 26,000 MT out of which plate alone was about 20,000 MT. All this was stocked in an area of only 3 acre of land as against the norm of having 30 to 50 acre stockyards for a stock of about 40,000 to 50,000 MT. Due to limited area, plates could not be stacked as intact wagon load (i.e. plates received in pone wagon load approx 55MT and kept together as an intact load as they had arrived), but were kept as one wagon load above another wagon load thereby making it difficult to maintain wagon-wise identity. Wagon-wise

*General Manager (Defence CoRDination), CMO, New Delhi
**Sr Manager (Acad) & Sr FM, MTI, SAIL, Ranchi
Consignement Advice could be used for determining weight of one wagon lot. Further those days material used to be identified by the combination of wagon number and arrival date. Wagon cards were maintained and with wagon no and date of arrival as lead identity. Also due to constraints of space a lot of material with similar identification were kept separately. Delivery of each plate was thus time taking as each identified plate had to be taken out from different stacks. To add to the woes of Ramamurthy, the handling contractor responsible for loading and unloading operations was a local strongman and with huge political contacts with the then ruling party, making it extremely difficult to exercise control on handling operations.

The despatch orders of plates from Mulund Warehouse entailed despatch by loading five rakes of railways and weighment at Indira Stockyard, which somehow fell on way between Mulund Warehouse and Mulund Railway Siding. The handling contractor refused to load the plates after weighment at Indira Stockyard as it required extra work for him and 15 minutes of waiting time for delivery trucks on way. He demanded that Invoices be prepared on sectional weight basis as weighment at Indira Stockyard on way to loading rakes may lead to delays, thereby risking significant demurrage charges for the contractor.

Ramamurthy met the first challenge of his life. On one hand he had to expeditiously deliver the material and on the other hand he had to take care of his personal and professional interest of seeing that the material accounting does not go awry and also that he follows all the procedures. Analysing his options based on his experience and sound technical knowledge, he took the decision not to allow invoicing on sectional weight basis as there was bound to be difference between this theoretical weight and the actual weight. He thus insisted on actual weighment. When the Branch Manager responsible for sale and who was also his immediate superior suggested despatching on sectional weight basis, he insisted on a valid approval for the same.

However, due to the pressures of the handling contractor and also the pressure to conclude the sale, the Branch Manager yielded and instructed Ramamurthy to load based on theoretical weight of plates. To add credibility to his instructions he referred to some system of preparing invoice based on sectional weight approved by the Director (Sales & Marketing) during his visit to Mumbai. When Ramamurthy requested to see a copy of the approval he was told that to go ahead with the loading of wagons and that the approval would reach him by next day. The Stockyard was about 30 KM from Branch Office and as such it was told that the copy would be sent to his residence by evening.

Ramamurthy did not want to displease his immediate boss, however, his intuition wanted him to see a copy of the approval before proceeding with delivery on theoretical sectional weight basis. He thus got indent for a railway rake placed through the Handling Contractor, who deposited the requisite fee with Railway authority for indent, and at the same time, Ramamurthy liaised with the Divisional Operating Superintendent of Railways at personal level to ensure that the placement of rake is delayed to the next day. To his dismay, when he reached home in the evening, the copy of the approval that the BM had promised was not there. The BM however assured when contacted that the copy would reach him the next day and that he should proceed with the delivery the next day. Ramamurthy had by this time built good enough relationship with the railway Divisional Operating Superintendent and followed his hunch by ensuring another day delay in placement of the rake. Next day again same thing happened and Ramamurthy took the same course of action of delaying the rake. When on third day again the approval did not reach him and no further informal delay was possible even at the end of railways, the stockyard executive had gathered courage to confront the Branch Manager and told him that rake is getting placed by Railways today, however, he himself is proceeding on leave as he would not be in a position to deliver material on sectional weight basis without looking at the approval. Failure to discharge duty was necessitating him to take the leave. The Branch Manager requested Ramamurthy to reach the stockyard and sent one officer with approval copy to Stockyard.

As expected Ramamurthy saw that the context of the approval was entirely different. It related to plates,
which are available as intact wagons and were to be invoiced based on Consignment advice weight after taking together entire lot of plates received in a wagon and not based on sectional weight of each plate indicated in the consignment advice. In other words, none of the plates qualified under this criterion as plates of one wagon were spread in many stacks and were not stacked together in an intact manner. Had the system of invoicing been challenged later, as it was without the approved system as well as without any special approval.

All his intuitions and hunch having been vindicated, Ramamurthy stood firm in his grounds and demanded that plates be invoiced only on actual weight basis.

The rake had already been placed and the handling contractor started losing money due to demurrage being incurred for an indented rake waiting to be loaded and the sales team led by Branch Manager stood under pressure of the sales target, if the plates were not despatched. The consignment of plates was thus discharged at nil marginal weight, due to pressure on Branch Manager and BM.

A plate was dropped at quantity of plates was detected. During inquiry PSC could avoid blame coming on to it and the customer and had to take the blame. But PSC had despatched the plates on actual weight basis with the acknowledgement from the customer of the actual weight of the consignment sent.