

# Annual Report 2008-2009

## Statement of Activities



सत्यमेव जयते

**GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES AND  
PUBLIC ENTERPRISES**

# Ministry of Heavy Industries and Public Enterprises

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## Ministry of Heavy Industries & Public Enterprises

### 1.1 The Ministry

The Ministry, comprising the Department of Heavy Industry and the Department of Public Enterprises, functions under the charge of Cabinet Minister (Heavy Industries and Public Enterprises) who is supported by the Minister of State. The Ministry focuses on promoting the development and growth of capital goods, auto, power equipment manufacturing and engineering industry in the country, framing of policy guidelines for Central Public Sector Enterprises (CPSEs) and administration of CPSEs.

#### 2.1 Department of Heavy Industry

The Department of Heavy Industry is concerned with the development of the engineering industry viz. machine tools, heavy electrical, industrial machinery and auto industry and administers 32 operating CPSEs. The CPSEs under the Department are engaged in manufacture of engineering/capital goods, consultancy and contracting services. The enterprises under the Department produce a wide range of products ranging from machine tools, industrial machinery, boilers, gas/steam/hydro turbines, turbo generators, electrical equipment, railway traction equipment, pressure vessels, AC locomotives, prime movers, agricultural tractors, consumer products such as watches, paper, tyres and salt. The industries provide goods and services for almost all sectors of the economy

including power, rail and road transport. The Ministry also looks after the Machine Building Industry and caters to the requirements of equipment for basic industries such as steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, paper, cement, sugar, etc. The Department supports the development of a wide range of intermediate engineering products like castings, forgings, diesel engines, industrial gears and gear boxes. The Department also administers:

- i. NATRiP Implementation Society (NATIS) set up in July 2005 for guiding the implementation of the National Automotive Testing and R & D Infrastructure Project (NATRiP),
- ii. Fluid Control Research Institute, Palakkad, which caters to the needs of the flow industry for calibration,
- iii. Automotive Research Association of India (ARAI), and
- iv. Forging Industry Research Institute of India, Pune.

Allocation of Business for the Department of Heavy Industry is given at Annexure-I.

- 2.1.2 The Department maintains a constant dialogue with various Industry Associations and encourages initiatives for the growth of industry. The Department also assists the industry in achievement of their growth plans through policy

initiatives, suitable interventions for restructuring of tariffs and trade, promotion of technological collaboration and up-gradation, and research & development activities etc.

2.1.3 The Department of Heavy Industry is headed by a Secretary to the Government of India who is supported by an Additional Secretary, two Joint Secretaries, Directors/Deputy Secretaries, an Economic Adviser, a Technical Wing and an Integrated Finance Wing. A Joint Secretary and a Director, respectively, in this Department are functioning as Joint Secretary (Public Grievances) and Director (Staff Grievances) in order to ensure that the grievances are redressed in time; a Nodal officer of the rank of Director has been designated in the Department for the redressal of grievances of Pensioners; a Nodal officer of the rank of Director has been designated in the Department in respect of officers/staff members working in the Department for settlement of disputes in Lok Adalat. An officer of the rank of Deputy Secretary has been designated as CPIO to provide information under the RTI Act. A Complaint Committee has been constituted in this Department for redressal of complaints related to sexual harassment of women for the preservation and enforcement of rights to gender equality and justice to working women employees.

## **2.2 Performance of Industry**

2.2.1 Industrial sector registered a growth of 3.9% during April-November 2008

against 9.2% in the corresponding period of last year. The slowdown in the industrial growth during April-November, 2008 measured in terms of the index of industrial production has been due to a variety of factors including, inter-alia, global financial meltdown and recessionary condition in a number of countries and consequent slowdown of the export-oriented industries. The slowdown in demand for some of the industries such as automobile (including ancillaries), cement, steel and housing, has been due to rise in interest rates and non-availability of bank finance. Manufacturing sector recorded a growth of 4.0% in April-November 2008 against 9.8% in the corresponding period of last year. The mining and electricity sector posted growth rates of 3.4% and 2.9% respectively during April-November 2008 against the growth rates of 5.1% and 7% respectively during the corresponding period of last year.

2.2.2 Capital goods sector has registered a growth of 7.5% during April-November 2008 as compared to the growth of 20.9% during corresponding period of last year. Basic goods, intermediate goods and consumer goods recorded growth of 3.5%, 0.1%, and 6.0%, respectively during April-November 2008. The use-based classification indicates recovery in the consumer durables sector which recorded a growth of 4.3% in April-November 2008 compared to -1.9% in the corresponding period of the previous year.

<b>INDUSTRIAL GROWTH INDICATORS</b>					
<b>( Growth Rate in per cent)</b>					
<b>Item</b>	<b>Weight (%)</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2007-08 (Apr-Nov.)</b>	<b>2008-09 (Apr-Nov.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Sectoral Growth Rates based on IIP</b>					
Overall	100	11.6	8.5	9.2	3.9
Mining & Quarrying	10.5	5.4	5.1	5.1	3.4
Manufacturing	79.4	12.5	9.0	9.8	4.0
Electricity	10.2	7.2	6.4	7.0	2.9
<b>Use Based classification</b>					
Overall	100	11.6	8.5	9.2	3.9
Basic goods	35.6	10.3	7.0	8.4	3.5
Capital goods	9.3	18.2	18.0	20.9	7.5
Intermediate goods	26.5	12.0	9.0	9.8	0.1
Consumer goods	28.7	10.1	6.1	5.3	6.0
Durables	5.4	9.2	-1.0	-1.9	4.3
Non-durables	23.3	10.4	8.6	8.1	6.4

Source: Central Statistical Organization.

2.2.3 One of the major industrial sectors in India is the automotive Sector. Consequent to the liberalization, the automobile sector has registered substantive growth and has been aptly described as the sunrise sector of the Indian economy. The sector output is equivalent to 5% of the national GDP and employs up to 11 million people. The Indian automobile industry which has been growing at approximately 10% during the last five years, witnessed a growth of (-) 4% in sales in 2007-08 and

is witnessing a slump presently. The overall domestic sales of vehicles in October, 2008 and November, 2008 have declined by 14% and 18% respectively over corresponding period last year (CPLY). In November, 2008, all the segments of the automobile industry i.e. the passenger vehicles, commercial vehicles, two wheelers and three wheelers have shown major decline in sales of (-) 24%, (-) 50% and (-) 23% respectively over CPLY.

2.2.4 Production and growth rates of some of heavy industries dealt by the Department of Heavy Industry for the

period April-November 2008-09 as compared to April-November 2007-08 are given below:

Industry	Unit	Production		Growth Rate (%)
		Apr-Nov 2007-08	Apr-Nov 2008-09	
Industrial machinery	Rs.Lakhs	228114.64	322424.33	41.34
Machine Tools	Rs.Lakhs	178464.18	160449.20	-10.09
Boilers	Rs.Lakhs	461686.19	538597.58	16.66
Turbines (Steam/Hydro)	Rs.Lakhs	115110.87	212057.47	84.22
Electric generators	Rs.Lakhs	79572.48	84038.52	5.61
Power distribution transformers	Mill. KVA	42.39	41.42	-2.29
Telecommunication cables	Mill. Mtr.	4567.42	5090.13	11.44
Commercial vehicles	Numbers	339458.00	311718.00	-8.17
Passenger cars	Numbers	917343.00	1023616.00	11.58

Source: Department of IPP

### 2.3 Measures to improve performance

Government has announced two stimulus packages during the current financial year to boost demand and industrial growth. The salient measures included in the packages are listed below:-

- (i) An across the board cut of 4% in ad-valorem Cenvat rate except for petroleum products,
- (ii) Authorizing Indian Infrastructure Finance Company Limited (IIFCL) to raise Rs. 10,000 crore to refinance bank lending for infrastructure projects,
- (iii) Extension of the DEPB Scheme till 31.12.2009, enhancement of duty drawback benefits on certain items

including knitted fabrics, bicycles, agricultural hand tools and specified categories of yarn, providing pre-shipment and post-shipment credit, in rupees or dollars, to Indian exporters at competitive rate to boost exports,

- (iv) States to be provided (as a one-time measure up to 30.06.2009), assistance under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for the purchase of buses for their urban transport systems,
- (v) Accelerated depreciation of 50% will be provided for commercial vehicles to be purchased on or after 1.1.2009 up to 31.3.2009.

## 2.4 CPSEs under the Department of Heavy Industry

2.4.1 The CPSEs under the Department are engaged in manufacturing, consultancy and contracting services. There were 48 CPSEs as on 31.3.2008 under the administrative control of the Department. The merger scheme of Praga Tools Limited (PTL) with HMT (MT) Limited has been approved by BIFR on 12.6.2008. Bharat Wagon & Engineering Company Limited (BWEL) has been transferred to Ministry of Railway on 13.8.2008 and National Instruments Limited (NIL) has been transferred to Jadavpur University, Kolkata on 7.1.2009. Thirteen CPSEs have either been closed or are not in operation thus leaving the Department with 32 operating CPSEs.

2.4.2 The total investment (Gross Block) in 32 CPSEs under the Department was Rs. 10,300.84 crore as on 31.3.2008; details of Government equity, net worth and accumulated loss/profit of these PSEs are given at Annexure-II & III. The total number of employees in these CPSEs is about 92405; the number of SC/ST/OBC employees is 14497, 8224 and 14473 respectively as per details at Annexure-IV.

2.4.3 Out of 32 CPSEs, 16 made profit and the remaining 16 are incurring loss. However, on an aggregate basis, 32 CPSEs of DHI have shown a net profit before tax of 2803.18 crore in 2007-08. The aggregate performance of these

CPSEs during April-December, 2008 is as under:

	(Rs. crore)	
	2007-08 (April- December, 2007)	2008-09 (April- December, 2008) (Provisional)
Production	16969.94	21290.15
Profit (+)/Loss(-)	(+1432.16	(+1348.29

(CPSE-wise details of production, profit/loss are enclosed at Annexure-V & VI respectively.)

The order book in most of the CPSEs has been gradually improving especially in case of BHEL whose order book has substantially improved from about Rs. 55000 crore at the end of September,2007 to Rs. 85200 crore at the end of September,2008 (Annexure-VII).

## 2.5 Restructuring of CPSEs

In view of the policy in respect of the Central Public Sector companies contained in the National Common Minimum Programme (NCMP), the profit making CPSEs are being strengthened by providing greater autonomy and the loss making CPSEs are being considered for revival/closure. Accordingly, a fresh look to identify companies under the department which can be restructured and revived has been undertaken in consultation with the Advisers/CPSEs. Board for Reconstruction of Public Sector Enterprises (BRPSE) has given its recommendations in all the 26 cases referred to them.

Government has given its approval for revival/restructuring plans of 13 CPSEs

under DHI during 2004-08 involving fresh cash infusion of about Rs. 1500 crore. These CPSEs employ about 30,000 persons. These CPSEs are:

- (i) Bharat Pumps and Compressors Ltd.(BPCL),
- (ii) Bridge & Roof Co. Ltd. (B&R),
- (iii) Braithwaite and Company Ltd. (BCL),
- (iv) Braithwaite, Burn & Jessop Construction Co. Ltd. (BBJ),
- (v) Heavy Engineering Corporation Ltd. (HEC),
- (vi) Praga Tools Ltd. (PTL),
- (vii) Hindustan Salts Limited (HSL),
- (viii) Cement Corporation of India Ltd.(CCI),
- (ix) HMT (Bearings) Ltd. [HMT(B)],
- (x) HMT Machine Tools [HMT(MT)],
- (xi) Andrew Yule & Company Ltd. (AYCL),
- (xii) Bharat Heavy Plates & Vessels Limited (BHPV)- Taken over by BHEL on 7.5. 2008.
- (xiii) Bharat Wagon & Engineering Company Ltd. (BWEL)- Transferred to Ministry of Railways on 13.8.2008.

Besides, in case of two CPSEs, namely Bharat Ophthalmic Glass Ltd.(BOGL) and Bharat Yantra Nigam Ltd.(BYNL), closure has been approved by the Government. In the case of National Instruments Ltd., Government has transferred assets and liabilities to Jadavpur University, Kolkata. Details of

financial package approved by the Government are at Annexure-VIII.

## 2.6 Plan Programs of CPSEs

The Department provides financial support to the CPSEs in consultation with the Ministry of Finance and Planning Commission for meeting their investment needs and implementation of restructuring plans of sick/loss making CPSEs sanctioned by the Government/ BIFR. The plan programmes of CPSEs under DHI are mainly for NATRiP, U.P. Paper Mill, Nagaland Pulp and Paper Mill, Capital Goods scheme and for improving the capacity utilization of facilities, renewal and replacement to meet the emerging customer needs. Annual Plan 2008-09 provided a Budgetary Support of Rs. 350 crore against which an expenditure of Rs. 146.13 crore has been incurred till December,2008. For the year 2009-10, Planning Commission have agreed for a provision of Rs. 350 crore by way of Budgetary Support. Some of the major schemes under implementation include:-

- (i) National Automotive Testing and R & D Infrastructure Project (NATRiP)

Government has approved the setting up of the project NATRiP, at a cost of Rs. 1718 crore for developing testing infrastructure to support the growth of automotive industry. The project is aimed at meeting the facilities gap in regulatory and developmental requirement in the automotive

industry by investment in high speed test tracks, comprehensive testing validation, emerging emission and safety norms etc. at different sites in the country. Land acquisition is progressing well at Manesar while other sites have already been taken possession of at Silchar, Chennai and Indore. At Pune, additional land is already available after clearance from the Forest and Environment authorities. At Rae Bareilly, the land allotment is still under consideration of the State Government. The work on detailed designing of facilities in the centers is completed as per schedule and the process has been initiated for ordering of equipments and civil construction works. The Silchar – Dholchura campus is ready for commissioning with the completion of all civil works like the Facility Building and the Hill Road track at Site-I Dholchura. A state of the art “Driving Simulator” has been installed for hill area driving training. At VRDE Ahmednagar, the EMC lab facility has been commissioned for industry use on 1.1. 2009, while the ABS brake test pad is under construction, for completion by December, 2009.

(ii) Integrated Gasification Combined Cycle Project (IGCC)

An R & D Project on Integrated Coal Gasification which offers the

benefits of very low emission, higher efficiency, and has the potential for lower cost of electricity generation has been under consideration for the last few years. BHEL is now taking up this project at Vijaywada with Andhra Pradesh Power Generation Company (APGENCO) and has signed an MOU with APGENCO for setting up the country’s biggest 182 MW IGCC Plant. Provision of Rs.25 crore has been made in the Annual Plan 2009-10 for the purpose.

(iii) U.P.Paper Mill Project of HPC

Government has accorded approval to HPC to set up new manufacturing facilities in the Northern Region at Jagdishpur, U.P., through a subsidiary company, to meet the gap between demand and indigenous supply of paper. The capacity of new paper plant will be 3 lakhs TPA at an estimated cost of Rs.3100 crore. A new Company has been registered as Jagdishpur Paper Mills Ltd., (JPML) on 8.5.2008. There was a provision of Rs. 78 crore of budgetary support for this project in Annual Plan 2008-09. However, no funds could be utilized as the land is yet to be acquired. For the year 2009-10, an amount of Rs. 5 crore has been sought.

(iv) Revival of NPPC, Nagaland

Govt. has approved the revival of NPPC at a cost of Rs. 552 crore. Implementation of the revival scheme is in progress which will be continued in 2009-10. Budgetary support of Rs. 50 crore and Rs. 28.22 crore have been provided in the Annual Plans 2008-09 and 2009-10 respectively.

(v) Expansion of facilities at Hindustan Newsprint Ltd.(HNL)

HNL is implementing an expansion-cum diversification project for a capacity of 170,000 tonnes of writing and printing paper at a cost of Rs. 718 crore. The project is being funded fully from internal and extra budgetary resources.

(vi) Expansion of BHEL facilities

BHEL has embarked upon a plan of enhancing its manufacturing capacity and capability for preparing itself to meet the country's power demand and for providing "Power to all by 2012" and to contribute fully for meeting the power forecast for the 11<sup>th</sup> Plan and beyond. Towards this end, BHEL has been augmenting its capacity and capability and has already enhanced its power generating equipment manufacturing from 6000 MW in 1999-2000 to 10,000 MW per

annum w.e.f. 1<sup>st</sup> January, 2008.

This manufacturing capacity is being further enhanced to 15,000 MW per annum by end of December, 2009 with an investment of approximately Rs.4200 crore, which is funded entirely through internal resources. This will further go up to 20,000 MW per annum by December, 2011.

(vii) Support to Capital Goods Industry

The Indian Capital Goods industry has experienced excellent growth during 2002-2003 to 2007-08. The industry now needs to strategize its future to maintain its growth momentum. In this regard, DHI had mandated a study done by CII and a number of its recommendations are proposed to be pursued through a modernization scheme. The scheme is intended to take some policy initiatives for development and growth of this sector. Initially, this effort would cover five major CG sectors, viz. Heavy Electrical Equipment, Process Plant Machinery, Mining and Construction Equipment, Textile Machinery and Machine Tool industries which together account for 65% of the total capital goods production in the country. The scheme is awaiting approval.

## 2.7 Major achievements during the year

BHEL achieved a turnover of Rs. 21401 crore during 2007-2008 which was a growth of 14% over the production of Rs. 18739 crore in 2006-07. Over and above the orders of Rs.50000 crore received in 2007-08, BHEL made substantial additions to its order book during current financial year bagging orders worth Rs. 44000 crore up to December, 2008.

BHEL and NTPC Limited have incorporated a Joint Venture Company (JVC) to be called “NTPC-BHEL Power Projects Pvt. Ltd.,” to execute Engineering, Procurement and Construction (EPC) contracts for Power Plants and other Infrastructure Projects as well as manufacture and supply of equipment in India and abroad. The Certificate of Incorporation of the JVC was presented by CMDs of BHEL and NTPC to the Hon’ble Minister (Heavy Industries & Public Enterprises) and to the Hon’ble Minister of Power on 29.4.2008.

BHEL signed a Memorandum of Understanding with APGENCO for setting up the Nation’s Biggest Integrated Coal Gasification Combined Cycle (IGCC) Power Plant of 125 MW at Vijayawada on 10.5.2008.

BHEL formally took over Bharat Heavy Plate and Vessels Ltd. (BHPV) in May, 2008 in Vishakhapatnam in the presence of the Hon’ble Minister (HI&PE), Hon’ble Finance Minister, Urban Development Minister, MOS Power, Hon’ble Chief Minister of Andhra Pradesh and other dignitaries.

The foundation stone of Silchar Grinding Unit of Cement Corporation of India Limited, located in Silchar, Assam, was laid by the Chief Minister of Assam in the presence of Hon’ble Minister (Heavy Industries & Public Enterprises) in July,2008.

BHEL and Nuclear Power Corporation of India Ltd., (NPCIL) have signed a Memorandum of Understanding (MoU) to form a joint venture company to carry out Engineering, Procurement and Construction (EPC) activities for Nuclear Power Plants, both within the country and outside on mutually beneficial terms.

In the presence of Hon’ble Minister (HI&PE), Principal Secretary to Hon’ble Prime Minister and other dignitaries, BHEL signed a Memorandum of Understanding (MoU) with Heavy Engineering Corporation Ltd. (HEC) on 6.9.2008 to form a joint venture company on 50:50 equity

participation basis to cater to the requirements of castings and forgings of both the companies on mutually beneficial terms.

Foundation Stone of an Industrial Training Centre (ITC) at Bolpur in West Bengal was laid on 26.10.2008 by the Hon'ble Speaker, Lok Sabha in the presence of Hon'ble Minister (HI&PE) and Hon'ble MOS (Power), aimed at providing high quality technical education. This is being set up at a cost of Rs. 23 crore with assistance from BHEL, Damodar Valley Corporation, Central Electricity Authority and Coal India Ltd.

BHEL has secured a number of major orders in the domestic as well as export market. These include:-

(i) An order valued at Rs.3,368 crore for the supply and installation of Main Plant Package at two power projects in Chhattisgarh, involving 3 Coal based units of 500 MW each, one unit of 500 MW at Korba West Thermal Power Project and two units of 500 MW each at the upcoming Marwa Thermal Power Project in Chhattisgarh . These projects would add 36 million units every day to the grid on commissioning.

(ii) A turnkey contract valued at Rs.1150 crore from HMEL-a joint venture of HPCL and L.N. Mittal's Mittal Energy Limited, for setting up an energy efficient and environment-friendly captive power plant (153 MW) at the upcoming Guru Gobind Singh Refinery at Bhatinda in Punjab.

(iii) A contract valued at Rs.3,588 crore from Pragati Power Corporation Limited (PPCL) for setting up another Combined Cycle Power Plant (CCPP) in Delhi on turnkey basis, involving supply and commissioning of four Advanced-class Frame 9FA Gas Turbines.

(iv) BHEL bagged a contract valued at Rs.5040 crore from Jindal Power Limited for setting up 2400 MW (4x600MW) thermal power plant at Raigarh in the State of Chhattisgarh.

(v) BHEL and Tamil Nadu Electricity Board have formed a joint venture company with a total capital outlay of around Rs. 8,700 crore for execution of the first 2x800 MW supercritical thermal power project in Tamil Nadu to strengthen the

power availability in the State.

- (vi) BHEL bagged its first commercial orders for 2x660 MW Steam Turbine generator units with supercritical parameters, valued at Rs.1474 crore, from NTPC for Barh Thermal Power Project in Bihar.
- (vii) BHEL has secured a prestigious export contract valued at Rs.160 crore from International Energy Resources (IER), United Arab Emirates (UAE) for supply of 2 Gas Turbine generating units of 42 MW each.
- (viii) BHEL has won a turnkey contract valued at Rs.2080 crore for setting up a 400 MW Thermal Power Project in Syria, the highest-value single order ever secured in the Overseas Market.
- (ix) BHEL has achieved major breakthrough in East Africa by winning a turnkey contract valued at Rs. 400 crore for setting up the Nyaborongo Hydro Electric Power Project (2x14 MW) in Rwanda.

BHEL filed 175 patents and copyrights during the year, enhancing the company's intellectual capital to 664 patents

and copyrights filed, which are in productive use in the company's business.

BHEL has been conferred the prestigious 'ICWAI National Award for Excellence in the Cost Management 2007'. BHEL has the distinction of getting it for the third successive year.

BHEL has, for the eighteenth year in succession, won Engineering Export Promotion Council (EEPC)'s Top Export Award in the category 'Star Performer in 2006-07: Project Exports-Large Enterprise'.

BHEL, HPC, BBUNL and EPI paid dividends of Rs.746.518 crore, Rs.13.10 crore, Rs.10.00 lakhs, Rs. 7.08 crore, respectively to the Government for the year 2007-08.

BHEL Employees' won 3 'Vishwakarma National Awards 2007' for their innovative suggestions leading to cost reduction, higher productivity, safety and quality of products.

BIFR in its hearing held on 13.5.2008, approved the Scheme submitted by OA, for transfer of assets, liabilities and manpower of NIL to Jadavpur University, West Bengal.

Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 26.6.2008 approved financial restructuring of Bharat Wagon & Engineering Company (BWEL)

and transfer of the company to the Ministry of Railways. Administrative sanction for financial restructuring and transfer of Bharat Wagon & Engineering Company Ltd. to Ministry of Railways has been issued on 13.8.2008.

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 4.9.2008 approved revival/restructuring package for Heavy Engineering Corporation Ltd. (HEC).

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 6.11.2008 approved the financial restructuring and revival through outright sale after clearing the balance sheet of Tyre Corporation of India Ltd.

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 11.2.2009 approved revival of Instrumentation Limited, Kota.

EPI secured orders valued at Rs. 114.06 crore for (a) Putur Water Supply Improvement Scheme, Putur, Andhra Pradesh, (b) Construction of State Sports Training Centre at Bilaspur, Chhattisgarh. EPI also secured orders worth Rs. 154.26 crore for (i) Construction and Development of New Laboratory Building Complex at Advanced Material and Process Research Institute, Bhopal (MP) and (ii) Construction of

Fakhruddin Ali Ahmed Medical College at Barpeta, Assam.

SIAM and ACMA organized their annual conventions on 3.9.2008 and 4.9.2008. These conventions were inaugurated by the Hon'ble Minister (HI&PE). The annual convention of SIAM was attended by all major global automobile leaders. During the convention, SIAM also announced a voluntary fuel efficiency labeling programme to be introduced by the automobile industry with effect from 1.1.2009.

Department of Heavy Industry had made a presentation in the 146<sup>th</sup> Session of WP-29 (UN Organization) in Geneva on 12.9.2008 regarding India hosting the 4<sup>th</sup> Environmentally Friendly Vehicle (EFV) Conference in New Delhi on 23.11.2009 and 24.11.2009. WP-29 unanimously accepted India's request and adopted it as one of its informal agenda items for the next meeting. For the first time, an emerging economy like India will be hosting EFV Conference. The last three conferences were held in UK, Japan and Germany respectively.

**Ministry of Heavy Industries & Public Enterprises  
(Department of Heavy Industry)**

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The Ministry comprises of the Department of Heavy Industry and Department of Public Enterprises. The Department of Heavy Industry has been allocated the following items of work:-

A. Work relating to following CPSEs:-

1. Heavy Engineering Corporation Limited
2. Mining and Allied Machinery Corporation Limited
3. Engineering Projects (India) Limited
4. Bharat Heavy Electricals Limited

SUBSIDIARY

Bharat Heavy Plate and Vessels Limited

5. HMT Limited

SUBSIDIARIES

- a) HMT (Bearings) Limited
- b) HMT (International) Limited
- c) HMT (Machine Tools) Limited
- d) HMT (Watches) Limited
- e) HMT (Chinar Watches) Limited
- f) Praga Tools Limited
6. Scooters India Limited.
7. Andrew Yule and Company Limited
8. Bharat Ophthalmic Glass Limited
9. Bharat Leather Corporation Limited
10. Cement Corporation of India Limited
11. Cycle Corporation of India Limited
12. Hindustan Cables Limited
13. Hindustan Paper Corporation Limited
14. Hindustan Photo Films Manufacturing Company Limited
15. Hindustan Salts Limited
16. Hooghly Printing Company Limited

17. Instrumentation Limited
18. Nagaland Pulp and Paper Company Limited
19. National Bicycle Corporation of India Limited
20. The National Industrial Development Corporation Limited
21. National Instruments Limited
22. NEPA Limited
23. Rajasthan Electronics and Instruments Limited
24. Hindustan Newsprint Limited
25. Tannery and Footwear Corporation of India Limited
26. Tyre Corporation of India Limited
27. Rehabilitation Industries Corporation Limited
28. Sambhar Salts Limited
29. Fluid Control Research Institute (Autonomous Body)
30. Bharat Bhari Udyog Nigam Limited

#### SUBSIDIARIES

- (a) Bharat Brakes and Valves Limited
  - (b) Bharat Process and Mechanical Engineers Limited
  - (c) Bharat Wagon and Engineering Company Limited
  - (d) Braithwaite and Company Limited
  - (e) Burn Standard Company Limited
  - (f) Braithwaite, Burn & Jessop Construction Limited
  - (g) Reyrolle Burn Limited
  - (h) Weighbird (India) Limited
31. Bharat Yantra Nigam Limited

#### SUBSIDIARIES

- a) Triveni Structural Limited
- b) Tungabhadra Steel Products Limited
- c) Bharat Pumps and Compressors Limited
- d) Richardson and Crudas (1972) Limited
- e) Bridge and Roof Company (India) Limited

## B. OTHER SUBJECTS

1. Manufacture of Heavy Engineering Equipment for all industries
2. Heavy Electrical Engineering Industries
3. Development Council for Heavy Electrical and Allied Industries
4. Machinery Industries including Machine Tools and Steel Plant Equipment Manufacturing
5. Development Council for Textile Machinery Industry
6. Development Council for Machine Tools
7. Auto industries, including tractors and earth moving equipment
8. Development Council for Automobile and Allied Industries
9. All diesel engines including automobile engines
10. The Automotive Research Association of India
11. National Automotive Testing and Research and Development Infrastructure Project (NATRiP) and NATRiP Implementation Society (NATIS)
12. Forging Industry Research Institute of India

**ANNEXURE-II**

**GENERAL INFORMATION ABOUT CPSEs UNDER DHI**

Sl.No.	Name of CPSE and location of Registered Office	Year of setting up of CPSE	Gross Block as on 31.3.2008 (Prov.) (Rs. in crore)
1.	Andrew Yule & Co.Ltd.,(AY&CO), Kolkata	1979	120.60
2.	Hooghly Printing Co. Ltd., Kolkata	1979	1.66
3.	Bharat Heavy Electricals Ltd.,(BHEL), New Delhi	1956	5101.00
4.	Burn Standard Co. Ltd., (BSCL), Kolkata	1976	138.91
5.	Braithwaite & Co.Ltd., (BCL), Kolkata	1976	51.78
6.	Brithwaite, Burn & Jessop Construction Co.Ltd., (BBJ)	1987	8.41
7.	Bharat Heavy Plate & Vessels Ltd.,(BHPV), Vishakhapatnam	1966	79.77
8.	Bharat Pumps & Compressors Ltd .,(BPCL), Allahabad	1970	33.52
9.	Richardson & Cruddas (1972) Ltd.,(R&C), Mumbai	1972	30.00
10.	Triveni Structurals Ltd.,(TSL), Allahabad	1965	19.64
11.	Tunghabhadra Steel Products Ltd., (TSPL), Hospet, Karnataka	1967	20.86
12.	Bridge and Roof Co.(India) Ltd., (B&R) , Kolkata	1972	162.06
13.	Hindustan Cables Ltd.,(HCL), Kolkata	1952	525.88
14.	Heavy Engineering Corpn.Ltd.,(HEC), Ranchi	1958	331.41
15.	HMT Ltd.,( Holding Co.), Bangalore	1953	127.87
16.	HMT (Machine Tools) Ltd.,(HMT), Bangalore	2000	250.02
17.	HMT Watches Ltd, Bangalore	2000	189.75
18.	HMT (Chinar Watches) Ltd., Jammu	2000	11.00
19.	Praga Tools Ltd., (PTL), Secundrabad	1959	34.94
20.	HMT (Bearings) Ltd., Hyderabad	1981	30.11
21.	HMT (International) Ltd., Bangalore	1974	7.39
22.	Instrumentation Ltd, (IL), Kota	1964	68.53
23.	Rajasthan Electronics & Instruments Ltd., (REIL), Jaipur	1981	19.00
24.	Scooters India Ltd.,(SIL), Lucknow	1972	54.65
25.	Cement Corpn.of India Ltd., (CCI), New Delhi	1965	648.18
26.	Hindustan Paper Corporation Ltd (HPC) , Kolkata	1970	879.98
27.	Hindustan Photo Films Mfg. Co.Ltd (HPF), Ooty	1960	721.00
28.	Hindustan Salts Ltd., (HSL), Jaipur	1959	9.80
29.	Sambhar Salts Ltd., (SSL), Jaipur	1964	11.73
30.	Nepa Ltd ., (NEPA), Nepanagar	1958	115.57
31.	Tyre Corpn.of India Ltd.,(TCIL), Kolkata	1984	118.86
32.	Engineering Projects (India) Ltd., (EPI), New Delhi	1970	15.94
	<b>TOTAL:</b>		<b>10300.84</b>

- Note:
- (i) 12 CPSEs namely, BPME, WIL, BBVL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC, BOGL & RIC have been closed and one CPSE (NPPC) is not in operation).
  - (ii) BWEL has been transferred to Ministry of Railways on 13.8.2008. NIL has also been transferred to Jadavpur University, Kolkata on 7.1.2009.
  - (iii) The merger scheme of PTL with HMT(MT) Ltd. has been approved by BIFR in the hearing held on 12.6.2008 .
  - (iv) Apart from above 32 operating PSEs, there is one- non manufacturing holding company i.e. BBUNL.

## ANEXURE-III

**PAID UP CAPITAL, NETWORTH AND ACCUMULATED PROFIT(+) LOSS (-) AS ON 31.3.2008  
(Provisional) OF THE CPSEs UNDER DHI**

(Rs. in crore)

S.No.	Name of CPSE	Paid up capital		Networth	Accumulated
		Government/ Holding CPSE	Others		Profit(+)Loss(-)
1	2	3	4	5	6
1	AY&CO	57.46	0.78	-140.00	-197.94
2	Hooghly Printing	1.03		2.97	0.23
3	BHEL	331.51	158.01	10774	10285.00
4	BSCL	128.82		-1337.15	-1469.79
5	BCL	16.75		6.67	-11.24
6	BBJ	18.51		14.94	-3.57
7	BHPV	33.80		-576.75	-584.91
8	BPCL	53.53		87.28	5.19
9	R&C	54.84		-263.31	-318.12
10	TSL	21.27		-456.64	-477.91
11	TSP	6.69	1.75	-240.73	-249.17
12	B&R	54.63	0.36	97.03	42.10
13	HCL	417.69	1.67	-2267.20	-2743.30
14	HEC	453.24		-515.69	-1082.98
15	HMT(Holding Co.)	98.88	1.12	818.96	-382.41
16	HMT(MT)	742.31		57.73	-678.15
17	HMT(Watches)	6.49		-960.63	966.49
18	HMT(Chinar Watches)	1.66		-221.70	-49.03
19	HMT(Bearings)	16.89	0.24	-14.44	-18.12
20	HMT(International)	0.72		22.10	21.38
21	IL	90.29	1.01	-259.54	-327.15
22	REIL	1.59	1.66	16.85	13.60
23	SIL	41.01	1.99	24.58	-28.85
24	CCI	811.41		-319.04	-1113.53
25	HPC	670.38		872.38	115.40
26	HNL	100.00	6.28	-14.10	-134.30
27	HPF	181.68	19.19	-4930.93	-5156.91
28	HSL	20.54		18.88	-11.94
29	SSL	1.00		-2.15	-14.29
30	NEPA	106.01	0.69	-319.73	-428.85
31	TCIL	93.45		-687.71	-806.21
32	EPI	35.42		107.78	67.94
		<b>4669.5</b>	<b>194.75</b>	<b>-605.29</b>	<b>-4771.34</b>

- Note: (I) 12 CPSEs namely, BPME, WIL, BBVL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC, BOGL & RIC have been closed and one CPSE (NPPC) is not in operation).
- (ii) BWEL has been transferred to Ministry of Railways on 13.8.2008. NIL has also been transferred to Jadavpur University, Kolkata on 7.1.2009..
- (iii) The merger scheme of PTL with HMT(MT) Ltd. has been approved by BIFR in the hearing held on 12.6.2008 .
- (iv) Apart from above 32 operating PSEs, there is one- non manufacturing holding company i.e. BBUNL.

## ANNEXURE-IV

## Employment Position including SC, ST &amp; OBCs as on 31.3.2008 in CPSEs under DHI

Sl. No.	Name of CPSE	TOTAL NO. OF EMPLOYEES				Number of Employees		
		Executives	Supervisors	Workmen/Others	Total	SC	ST	OBC
1	2	3	4	5	6	7	8	9
1	AYCL	190	140	15422	15752	1032	4349	4558
2	Hooghly Printing	7	6	44	57	1	1	0
3	BHEL	10353	8329	24954	43636	8351	2070	4876
4	BSCL	129		1365	1494	157	10	276
5	BCL	74	27	394	495	51	1	1
6	BBJ	48		45	93	6	1	3
7	BHPV	286	142	830	1258	250	105	285
8	BPCL	203	51	865	1119	194	3	377
9	R&C	20	14	36	70	8	0	6
10	TSL	51	22	130	203	34	0	112
11	TSP	18	15	76	109	27	3	30
12	B&R	660	0	779	1439	164	4	58
13	HCL	407	468	2143	3018	779	226	193
14	HEC	1298	376	1319	2993	297	534	714
15	HMT (Holding Co.)	290	148	1858	2296	534	103	27
16	HMT (MT)	875	371	2465	3711	647	184	733
17	HMT (Watches)	244	218	1664	2126	374	96	338
18	HMT (Chinar Watches)	16	60	400	476	33	3	0
19	HMT (Bearings)	50	32	218	300	40	1	123
20	HMT (International)	49	5	8	62	10	4	1
21	IL	240	774	490	1504	248	70	231
22	REIL	69	62	88	219	43	6	40
23	SIL	203	68	1196	1467	280	1	392
24	CCI	150	176	1135	1461	192	122	180
25	HPC	526	196	2033	2755	272	211	135
26	HNL	202	86	752	1040	65	5	227
27	HPF	63	46	750	859	139	48	385
28	HSL	11	33	76	120	15	8	15
29	SSL	9	24	89	122	30	9	36
30	NEPA	121	0	1305	1426	122	22	78
31	TCIL	41	19	166	226	14	1	0
32	EPIL	387	93	19	499	88	23	43
	<b>TOTAL</b>	<b>17290</b>	<b>12001</b>	<b>63114</b>	<b>92405</b>	<b>14497</b>	<b>8224</b>	<b>14473</b>

Note: (i) 12 CPSEs namely, BPME, WIL, BBVL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC, BOGL & RIC have been closed and one CPSE (NPPC) is not in operation).

(ii) BWEL has been transferred to Ministry of Railways on 13.8.2008. NIL has also been transferred to Jadavpur University, Kolkata on 7.1.2009..

(iii) The merger scheme of PTL with HMT(MT) Ltd. Has been approved by BIFR in the hearing held on 12.6.2008 .

(iv) Apart from above 32 operating PSEs, there is one- non manufacturing holding company i.e. BBUNL.









## **ABBREVIATIONS**

AAIFR	Appellate Authority of Industrial & Financial Reconstruction
ACMA	Automotive Component Manufacturers Association
ARAI	Automotive Research Association of India
AYCL	Andrew Yule & Company
BBJ	Braithwaite, Burn & Jessop Construction Company Limited
BBUNL	Bharat Bhari Udyog Nigam Limited
BHEL	Bharat Heavy Electricals Limited
BHPV	Bharat Heavy Plate & Vessels Limited
BIFR	Board of Industrial & Finance Reconstruction
BLC	Bharat Leather Corporation Limited
BOGL	Bharat Ophthalmic Glass Limited
BPCL	Bharat Pumps & Compressors Limited
BPME	Bharat Process & Mechanical Engineers Limited
BCL	Braithwaite & Company Limited
BWEL	Bharat Wagon & Engineering Company Limited
BYNL	Bharat Yantra Nigam Limited
BRPSE	Board for Reconstruction of Public Sector Enterprises
C-DOT	Centre for Development of Telematics
CCI	Cement Corporation of India Limited
CCIL	Cycle Corporation of India Limited
CEA	Central Electricity Authority
CCEA	Cabinet Committee on Economic Affairs
CNC	Computer Numerically Controlled
CPSE	Central Public Sector Enterprise
CPIO	Central Public Information Officer
CPLY	Corresponding Period Last Year
DOE	Department of Electronics
EEC	European Economic Community
EFV	Environmentally Friendly Vehicle
EOT	Electrically Operated Trolley
EPC	Engineering Procurement and Construction
EPI	Engineering Projects (India) Limited
EEPC	Engineering Export Promotion Council
FBP	Fluidized Bed Combustion
FCRI	Fluid Control Research Institute
FFP	Foundry Forge Plant
HCL	Hindustan Cables Limited

HMBP	Heavy Machine Building Plant
HMT(I)	HMT (International) Limited
HMTTP	Heavy Machine Tools Plant
HPC	Hindustan Paper Corporation Limited
HNL	Hindustan Newsprint Limited
HPF	Hindustan Photo Films Manufacturing Company Limited
HSL	Hindustan Salts Limited
IL	Instrumentation Limited
ISRO	Indian Space Research Organization
ICGCC	Integrated Coal Gasification Combined Cycle
JPML	Jagdishpur Paper Mills Limited
JVC	Joint Venture Company
JESSOP	Jessop Company Limited
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KV	Kilo Volt
KW	Kilo Watt
LAGAN JUTE	Lagan Jute Machinery Company Limited
OA	Operating Agency
MAMC	Mining & Allied Machinery Corporation Limited
MAX	Main Automatic Exchange
MoU	Memorandum of Understanding
MoHI&PE	Minister of Heavy Industries & Public Enterprises
MOEF	Ministry of Environment & Forests
MoPNG	Ministry of Petroleum & Natural Gas
MoSRT&H	Ministry of Shipping, Road Transport & Highways
MT	Metric Tonne
MUL	Maruti Udyog Limited
MVA	Mega Volt Amperes
MW	Mega Watt
NBCIL	National Bicycle Corporation of India Limited
NC	Numerically Controlled
NEPA	NEPA Limited
NPCIL	Nuclear Power Corporation of India Limited
NIDC	National Industrial Development Corporation Limited
NATRIP	National Automotive Testing and Research & Development Infrastructure Project
PSE	Public Sector Enterprise
PWD	Persons With Disabilities
PTL	Praga Tools Limited

R&C	Richardson & Cruddas (1972) Limited
RDSO	Research Design & Standard Organization
RIC	Rehabilitation Industries Corporation Limited
RSW	Radiation Shielding Window
RTI	Right to Information Act
SIAM	Society of Indian Automobile Manufacturers
SIL	Scooters India Limited
SIAT	Symposium on International Automotive Technology
SSL	Sambhar Salts Limited
TAFCO	Tannery & Footwear Corporation of India Limited
TCIL	Tyre Corporation of India Limited
TSL	Triveni Structural Limited
TSP	Tungabhadra Steel Products Limited
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organizations
VRS	Voluntary Retirement Scheme
VRDE	Vehicle Research Development Establishment
WIL	Weighbird (India) Limited.
WP	Working Party

### 3.1 Department of Public Enterprises

In their 52<sup>nd</sup> Report, the Estimates Committee of 3<sup>rd</sup> Lok Sabha (1962-67) stressed the need for setting up a centralized coordinating unit, which could also make continuous appraisal of the performance of public enterprises. This led to the setting up of the Bureau of Public Enterprises (BPE) in 1965 under the Ministry of Finance. As a result of the reorganization of the Ministries/Departments of the Union Government in September, 1985, BPE was made part of the Ministry of Industry. In May, 1990, BPE was made a full-fledged Department and is now known as the Department of Public Enterprises (DPE). Presently, it is a part of the Ministry of Heavy Industries & Public Enterprises.

The Department of Public Enterprises is nodal department for all Central Public Sector Enterprises (CPSEs) and formulates policy pertaining to the role of CPSEs in the economy as also lays down policy guidelines on performance improvement and evaluation, autonomy and financial delegation, personnel management and related areas for the CPSEs. It also collects, evaluates and maintains information on several areas in respect of CPSEs. DPE is the interface between the Administrative Ministries and the CPSEs.

3.1.2 As per Allocation of Business Rules of the Government, the following subjects

have been allocated to the Department of Public Enterprises:-

- a. Coordination of matters of general policy of non-financial nature affecting all public sector industrial and commercial undertakings.
- b. Matters relating to Memorandum of Understanding and mechanism for improving the performance of public sector undertakings.
- c. Matters relating to Permanent Machinery of Arbitration for the Public Sector Undertakings.
- d. Matters relating to Counseling, Retraining and Redeployment of rationalized employees of CPSEs.

3.1.3 The Department of Public Enterprises accordingly plays an important role in formulating policies relating to CPSEs and in framing different guidelines on matters relating to CPSEs. In fulfilling its role, the Department coordinates with other Ministries, CPSEs and concerned organizations. Some of the important tasks of the Department are listed below:-

- (i) Co-ordination of matters of general policy of non-financial nature relating to public sector enterprises.

- (ii) Issue of Presidential Directives and Guidelines to public sector enterprises
- (iii) Formulation of Policies, pertaining to public sector enterprises, in areas like board structures, personnel management, performance improvement, financial management, wage settlement and vigilance management, etc.
- (iv) Investure and review of Navratna/Mini Ratna status to CPSEs.
- (v) Policy matters relating to composition of Board of Directors of CPSEs, categorization of top posts, scheduling of CPSEs.
- (vi) Notification of pay scales of Board level executives as well as below Board level personnel and unionized workers and the DA admissible thereon at periodic intervals.
- (vii) Policy relating to deputation of Government officers to public sector enterprises.
- (viii) Publication of the annual survey of CPSEs known as Public Enterprises Survey.
- (ix) Memorandum of Understanding between the public sector enterprises and the administrative Ministries/Departments.
- (x) Policy relating to Voluntary Retirement Scheme in CPSEs.
- (xi) Matters relating to Counseling, Retraining and Redeployment Scheme (CRR) for rationalized employees of CPSEs
- (xii) Matters relating to Board for Reconstruction of Public Sector Enterprises (BRPSE).
- (xiii) Matters relating to reservation of posts in the public sector enterprises for certain classes of citizens.
- (xiv) Settlement of disputes through Permanent Machinery of Arbitration (PMA) among Public Sector Enterprises and between Public Sector Enterprises and government departments except disputes relating to tax matters.
- (xv) Matters relating to International Centre for Promotion of Enterprises (ICPE).
- (xvi) Matters relating to Standing Conference of Public Enterprises (SCOPE).
- (xvii) Matters relating to delegation of powers to Board of Directors.

### 3.2 Public Enterprises Survey

- 3.2.1 The Department of Public Enterprises (DPE) presents to Parliament every year 'an overview' of the financial and physical performance of Central Public Sector Enterprises (CPSEs) in the country.

3.2.2 The Public Enterprises Survey covers the CPSEs established either as Government Companies under the Companies Act or as Statutory Corporations under specific statutes of Parliament. The Survey, moreover, covers only those Government Companies in which Central Government's share in paid up capital is more than fifty per cent including the subsidiaries of such companies. This does not, however, include public sector commercial banks.

3.2.3 The Public Enterprise Survey (2007-08) shall be the 48<sup>th</sup> report on the overall performance of CPSEs.

### 3.3 Performance of CPSEs

3.3.1 There were 242 Central Public Sector Enterprises (CPSEs) under the administrative control of various Ministries / Departments as on 31.3.2008. The cumulative investment (paid up capital plus long terms loans), which was Rs. 29 crore in 5 enterprises as on 31.3.1951, has gone up to Rs. 4,55,409 crore as on 31.3.2008. The largest share of investment was in service sector (40.40%) followed by electricity (27.95%), manufacturing (22.23%), mining (8.83%) and agriculture (0.04%). Remaining 0.55%

share belonged to CPSEs which are yet to commence their commercial operations. While the increase in 'investment' in all the CPSEs went up by 8.31% in 2007-08 over 2006-07, the increase in 'capital employed' went up by 15.61% during the same period (Table 1). A great deal of investment in CPSEs is being made through internal resources, that is, without any budgetary support.

3.3.2 The 'net profit' of profit making CPSEs (159) was Rs. 91062 crore in 2007-08. The 'net loss' of loss making enterprises (54) stood at Rs. 11332 crore; this includes accounting losses of closed units like Fertilizer Corporation of India (Rs.1504 crore) and Hindustan Fertilizer Corporation (Rs.1102 crore). The CPSEs have to serve macro-economic objectives besides financial objective. The Food Corporation of India (FCI) and Artificial Limbs Manufacturing Corporation of India (ALIMCO) etc. are CPSEs that have been laying greater emphasis on non-financial / social objectives. The year was also witness to severe financial under-recoveries by public sector Oil Marketing Companies (OMCs) on sale of petroleum products in order to keep the prices low in the domestic market.

3.3.3 The major highlights of the performance of CPSEs during 2007-08 are given below:

**Table 1 : Performance of CPSEs during 2007-08**

(Rs. in crore)

Sl. No.	Particulars	2007-08	2006-07	% change over previous year
1.	Investment (long term loan + equity)	455409	420476	8.31
2.	Capital employed (net fixed assets + working capital )	763815	660667	15.61
3.	Total turnover	1081925	964896	12.13
4.	Profit of Profit Making CPSEs	91062	89578	1.66
5.	Loss of Loss Making CPSEs	11332*	8457	34.00
6.	Net worth	520855	454274	14.66
7.	Dividend declared	28081	26819	4.71
8.	Corporate tax	45105	35195	28.16
9.	Interest paid	32240	27455	17.43
10.	Contribution to Central Exchequer	165994	148784	11.57
11.	Foreign Exchange Earnings	74283	70906	4.76

\* Loss of loss making CPSEs increased mainly on account of loss incurred by NACIL (more than Rs. 2226 crore) during 2007-08 as compared to Rs. 688 crore loss incurred by Air India and Indian Airlines (put together) during 2006-07.

#### 3.4. Delegation of Powers to CPSEs

3.4.1 Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a

competitive environment, the Government has reviewed the powers delegated to the Board of Directors of Navratna, Miniratna and other profit making CPSEs and enhanced the powers in the manner stated in the following paragraphs.

**Navratna status was conferred to 6 CPSEs, viz. Coal India Limited, National Aluminium company Limited, NMDC Limited, Power Grid Corporation of India Ltd. Rural Electrification Corporation Limited and Shipping Corporation of India**

3.4.2 Navratna CPSEs Under this scheme, the Government has delegated enhanced powers to CPSEs having the potential to become

global players. Presently, there are 18 Navratna CPSEs as under:

- 1) Bharat Electronics Limited
- 2) Bharat Heavy Electricals Limited

- 3) Bharat Petroleum Corporation Limited
- 4) Coal India Limited
- 5) GAIL (India) Limited
- 6) Hindustan Aeronautics Limited
- 7) Hindustan Petroleum Corporation Limited
- 8) Indian Oil Corporation Limited
- 9) Mahanagar Telephone Nigan Limited
- 10) NTPC Limited
- 11) National Aluminium Company Limited,
- 12) National Mineral Development Corporation Limited,
- 13) Oil & Natural Gas Corporation Limited
- 14) Power Finance Corporation Limited
- 15) Power Grid Corporation of India Limited
- 16) Rural Electrification Corporation Limited
- 17) Shipping Corporation of India Limited
- 18) Steel Authority of India Limited

The powers presently delegated to the Boards of Navratna CPSEs are as under: -

- (i) **Capital Expenditure:** - The Navratna CPSEs have the powers

to incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

- (ii) **Technology Joint Ventures and Strategic Alliances:** - The Navratna CPSEs have the powers to enter into technology joint ventures or strategic alliances and obtain by purchase or other arrangements, technology and know-how.

- (iii) **Organization Restructuring:-** The Navratna CPSEs have the powers to effect organizational restructuring including establishment of profit centers, opening of offices in India and abroad, creating new activity centers, etc.

- (iv) **Human Resource Management:-** The Navratna CPSEs have been empowered to create and wind up all posts up to non-Board level Directors and make all appointments up to this level. The Boards of these CPSEs have further been empowered to effect internal transfers and re-designation of posts. The Board of Directors of Navratna CPSEs have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of

the Board or to executives of the CPSE, as may be decided by the Board of the CPSE.

(v) **Resource Mobilization:** - These CPSEs have been empowered to raise debt from the domestic capital markets and from borrowings from international market, subject to the condition that approval of RBI/Department of Economic Affairs, as may be required, should be obtained through the administrative Ministry.

(vi) **Joint ventures and Subsidiaries:** The Navratna CPSEs have been delegated powers to establish financial joint ventures and wholly owned subsidiaries in India or abroad with the stipulation that the equity investment of the CPSE should be limited to the following: -

Rs. 1000 crore in any one project,  
15% of the net worth of the CPSE in one project,

30% of the net worth of the CPSE in all joint ventures/ subsidiaries put together.

(vii) **Mergers and acquisitions:-** The Navratna CPSEs have been delegated powers for mergers and acquisitions subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the

CPSE, (ii) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (iii) the Cabinet Committee on Economic Affairs would be kept informed in case of investments abroad. Further, the powers relating to Mergers and Acquisitions are to be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

(viii) **Creation/Disinvestment in subsidiaries:-** The Navratna CPSEs have powers to transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will be in respect of subsidiaries set up by the holding company under the powers delegated to the Navratna CPSEs and further to the proviso that the public sector character of the concerned CPSE (including subsidiary) would not be changed without prior approval of the Government and such Navratna CPSEs will be required to seek Government approval before exiting from their subsidiaries.

(ix) **Tours abroad of functional Directors:** - The Chief Executive of Navratna CPSEs have been

delegated powers to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency under intimation to the Secretary of the administrative Ministry.

The Apex Committee in their meeting held on 11.7.2008 recommended grant of Navratna status to Shipping Corporation of India Limited. The Apex Committee also recommended grant of Navratna status to Container Corporation of India Limited, Coal India Limited, Oil India Limited subject to certain conditions. Coal India Limited has since been granted Navratna status.

The Apex Committee took note of the performance of Navratna CPSEs during their meeting held on 11.7.2008 on the basis of reviews done by the IMC.

#### 3.4.3 Miniratna scheme

In October 1997, the Government had also decided to grant enhanced autonomy and delegation of financial powers to some other profit making companies subject to certain eligibility conditions and guidelines to make them efficient and competitive. These companies, called Miniratnas are in two categories, namely, Category- I and Category-II. The eligibility conditions and criteria are:

**Category-I CPSEs** should have made profit in the last three years continuously, the pre-tax profit should have been Rs.30 crores or more in at least one of the three years and should have a positive net worth.

**Category-II CPSEs** should have made profit for the last three years continuously and should have a positive net worth.

These CPSEs shall be eligible for the enhanced delegated powers provided they have not defaulted in the repayment of loans/interest payment on any loans due to the Government.

These public sector enterprises shall not depend upon budgetary support or Government guarantees.

The Boards of these CPSEs should be restructured by inducting at least three non-official Directors as the first step before the exercise of enhanced delegation of authority.

The administrative Ministry concerned shall decide whether a Public Sector Enterprise fulfilled the requirements of a Category-I/Category-II company before the exercise of enhanced powers.

The delegation of decision-making authority available at present to the Boards of these Miniratna CPSEs is as follows:

(i) **Capital Expenditure**

For CPSEs in category I: The power to incur capital

expenditure on new projects, modernization, purchase of equipment, etc., without Government approval upto Rs. 500 crore or equal to net worth, whichever is less.

For CPSEs in category II: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval upto Rs. 250 crore or equal to 50% of the Net worth, whichever is less.

(ii) **Joint ventures and subsidiaries:**

(a) Category I CPSEs: To establish joint ventures and subsidiaries in India with the stipulation that the equity investment of the CPSE in any one project should be limited to 15% of the networth of the CPSE or Rs. 500 crore, whichever is less. The overall ceiling on such investment in all projects put together is 30% of the networth of the CPSE.

(b) Category II CPSEs: To establish joint ventures and subsidiaries in India with the stipulation that

the equity investment of the CPSE in any one project should be 15% of the networth of the CPSE or Rs. 250 crore, whichever is less. The overall ceiling on such investment in all projects put together is 30% of the networth of the CPSE.

(iii) **Mergers and acquisitions:-**

The Board of Directors of these CPSEs have the powers for mergers and acquisitions, subject to the conditions that (a) it should be as per the growth plan and in the core area of functioning of the CPSE, (b) conditions/limits would be as in the case of establishing joint ventures/subsidiaries, and (c) the Cabinet Committee on Economic Affairs would be kept informed in case of investments abroad. Further, the powers relating to Mergers and acquisitions are to be exercised in such a manner that it should not lead to any change in the public sector character of the concerned CPSEs.

(iv) **Scheme for HRD:-** To structure and implement

schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc. The Board of Directors of these CPSEs have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the CPSE, as may be decided by the Board of the CPSE.

(v) **Tour abroad of functional Directors:** - The Chief Executives of these CPSEs have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry.

(vi) **Technology Joint Ventures and Strategic Alliances:-** To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements, subject to Government guidelines as may be issued from time to time.

(vii) **Creation/Disinvestment in subsidiaries:-** To transfer assets, float fresh equity and divest shareholding in subsidiaries subject to the condition that the delegation will be in respect of subsidiaries set up by the holding company under the powers delegated to the Miniratna CPSEs and further to the proviso that the public sector character of the concerned CPSE (including subsidiary) would not be changed without prior approval of the Government, and such Miniratna CPSEs will be required to seek Government approval before exiting from their subsidiaries.

The above delegation of powers is subject to similar conditions as are applicable to Navratna CPSEs.

The Inter-Ministerial Committee (IMC) reviewed the performance of 5 Miniratna CPSEs (Bharat Dynamic Limited, Engineering Projects India Limited, Housing & Urban Development Corporation Limited, Neyveli Lignite Corporation Limited and WAPCOS Limited) during the year 2008(upto November, 2008).

#### 3.4.4 Other profit making CPSEs

Those CPSEs which have shown a profit in each of the 3 preceding accounting years and have a positive net worth are categorized as 'other profit making CPSEs'. These CPSEs have been delegated enhanced powers as under:-

- (i) **Capital Expenditure:-** These CPSEs have the power to incur capital expenditure up to Rs. 150 crore or equal to 50% of the Net worth, whichever is less. The above delegation is subject to the following conditions:
  - (a) inclusion of the project in the approved Five Year and Annual Plans and outlays provided for;
  - (b) the required funds can be found from the internal resources of the company and extra budgetary resources (EIBR) and the expenditure is incurred on schemes included in the capital budget approved by the Government.
- (ii) **Tours abroad of functional Directors:-** The Chief Executives of these CPSEs have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to

the Secretary of the administrative Ministry. In all other cases including those of Chief Executives, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

#### 3.5 Professionalization of Boards of CPSEs

3.5.1 The guidelines issued in 1992 provide that outside professionals should be inducted on the Boards of CPSEs in the form of part-time non-official Directors and that the number of such Directors should be at least 1/3<sup>rd</sup> of the actual strength of the Board. In the case of listed CPSEs headed by Executive Chairman, the number of non-official Directors (Independent Directors) should be at least half the strength of the Board. The guidelines also provide that the number of Government Directors on the Boards should be not more than one-sixth of the actual strength of the Board subject to a maximum of two. Apart from this, there should be some functional Directors on each Board whose number should not exceed 50% of the actual strength of the Board.

3.5.2 As regards selection and appointment of non-official Directors on the Boards of CPSEs, the following eligibility criteria is being adopted:-

Age: - Age band should be between 45-65 years (minimum/maximum

limit). This could however be relaxed for eminent professionals for reasons to be recorded, being limited to 70 years.

Qualification: - Minimum qualification for part time non official Directors would be graduate degree from a recognized university.

Experience:- Persons of eminence with proven track record from industry, business or agriculture. CMD/MD in corporate sector/PSE; Professor level in an academic institution or professionals of repute like eminent Chartered Accountants/Cost Accountants at the level of Directors of Institutes/Heads of Departments; persons having experience of not less than 10 years at the level of Joint Secretary and above in the Government.

3.5.3 The Navratna scheme provides that the Boards of these companies should be professionalised by inducting a minimum of 4 non-official Directors before their Boards can exercise the

enhanced powers. Similarly, in the case of Miniratna CPSEs also the induction of minimum 3 non-official Directors is pre-condition for the exercise of delegated powers under the Miniratna Scheme.

3.5.4 During the year 2008, the Search Committee and Public Enterprises Selection Board have recommended the names of about 113 persons for appointment as non-official Directors on the Boards of 46 CPSEs.

### 3.6. Corporate Governance

#### 3.6.1 Background

In India, all listed companies including listed CPSEs are covered by the SEBI guidelines. To further improve Corporate Governance standards in India, SEBI revised the code of Corporate Governance based upon the recommendations of N.R. Narayana Murthy Committee set up in 2002. Clause 49 of SEBI guidelines mandates a listed company to comply with the various provisions relating to corporate governance. The Organization for Economic Cooperation and Development (OECD), which is a forum of the Governments of 30 democracies also took initiatives to address governance issues and it suggested principles of Corporate Governance. India is not a member of OECD. In September 2005, the OECD circulated guidelines on Corporate Governance of State-owned enterprises. These guidelines cover issues like (i) ensuring

an effective legal and regulatory framework for State-owned enterprises;

- (ii) the State acting as an owner;
- (iii) equitable treatment of shareholders;
- (iv) relations with stakeholders;
- (v) transparency and disclosures; and
- (vi) responsibilities of the Boards of State-owned enterprises.

3.6.2 The present policy of the Government towards Central Public Sector Enterprises is enunciated in the National Common Minimum Programme (NCMP). Among other things, NCMP commits (i) to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment and (ii) Public sector companies will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors.

3.6.3 Formulation of Guidelines on Corporate Governance

The Government has enhanced the powers delegated to Navratna, Miniratna and other profit making PSEs and more CPSEs are being granted Navratna status. As a result the public accountability of the CPSEs has increased. In this context, Government has approved the implementation of guidelines on corporate governance for CPSEs. These guidelines have been formulated by DPE keeping in view relevant laws, instructions and procedures. The views of various stakeholders such as administrative

Ministries/ Departments, CPSEs, nodal Ministries like Company Affairs, Finance (Expenditure), Comptroller and Auditor General (C&AG), Securities and Exchange of Board of India (SEBI), Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI), Institute of Cost & Works Accountants of India (ICWAI), National Foundation for Corporate Governance (NFCG), Institute of Public Enterprise, etc. were taken into account while formulating these guidelines.

These guidelines are applicable to listed as well as un-listed CPSEs and cover issues like composition of Boards, Audit Committee, Subsidiary companies, disclosures, Code of conduct and ethics, risk management and compliance.

3.6.4 Composition of Board

3.6.5 In respect of the Board composition, these guidelines provide that the number of functional Directors should not exceed 50% of the actual strength of Board and the number of Government nominee Directors shall be restricted to maximum of two. In case of listed CPSEs with Executive Chairman, the number of non-official Directors shall be at least 50% of Board members. In case of unlisted CPSEs and listed CPSEs with non-Executive Chairman, at least one-third of the Board Members shall be non-official Directors. The Government has

also laid down pre-defined criteria in terms of educational qualifications, age and experience in respect of persons to be considered for appointment as non-official Directors. As in clause 49 of SEBI, relevant clauses have been incorporated in these guidelines to ensure 'independence' of non-official Directors and avoid potential conflict. It has also been provided that the FF Directors nominated by any institution other than public financial institution will not be treated as non-official Directors.

3.6.6 It has been further mandated that the Board meetings are to be held at least once in every 3 months and at least 4 such meetings in a year and all relevant information is required to be given to the Board. Further, the Board should lay down code of conduct for all members and senior management. In this regard, a model Code has been incorporated in the guidelines to assist the CPSEs. The guidelines inter alia provide that the Board should ensure integration and alignment of risk management system and the company should undertake suitable training programmes for its new Board members.

### 3.6.7 Audit Committee

3.6.8 The provisions relating to Audit Committee require a qualified and independent Audit Committee to be set up by CPSEs with minimum three Directors as members. Further, two-

thirds of the members of this Committee should be independent Directors with chairman to be independent Director. The Audit Committee has been given extensive powers with regard to financial matters of company and it should meet at least 4 times in a year.

### 3.6.9 Subsidiary Companies

3.6.10 With regard to subsidiary companies, it has been provided that at least one independent Director of holding company has to be Director on the Board of subsidiary company and the Audit Committee of holding company to review financial statements of subsidiary. All significant transactions and arrangements of subsidiary are required to be brought to the attention of Board of Directors of holding company.

### 3.6.11 Disclosures

3.6.12 The provisions regarding disclosures require all transactions to be placed before the Audit Committee. The guidelines mandate that while preparing financial statements, treatment should be as per prescribed Accounting Standard and if there are any deviations, the same are to be explicitly mentioned. Further, the Board is to be informed about risk assessment and minimization procedures and senior Management is to make disclosures to Board relating to all financial and commercial transactions where they have personal

interest or may have a potential conflict.

#### 3.6.13 Compliance

3.6.14 It has also been mandated in the guidelines that there should be a separate section on Corporate Governance in annual report of company with details of compliance. The CPSEs will have to obtain a certificate from auditors/company secretary regarding compliance with these guidelines. Chairman's speech in AGM will also carry a section on compliance with Corporate Governance Guidelines and will form part of the company's Annual Report.

#### 3.6.15 Implementation and Grading

3.6.16 The DPE will grade CPSEs on the basis of their compliance with guidelines and such grading to be used for MOU awards.

3.6.17 Keeping in view the importance of Corporate Governance of State level Public Enterprises, all States have also been advised to implement these guidelines.

### 3.7 **Categorisation of CPSEs**

3.7.1 The Public Sector Enterprises are categorized into four schedules namely 'A', 'B', 'C' & 'D'. The pay scales of chief executives and full time functional Directors of CPSEs are linked with the schedule of the concerned enterprise. Normally the Chief Executive of the enterprise is given the scale of pay attached to the

schedule of the company while the functional Directors are allowed the scale of pay attached to the next below schedule. At times the posts of Chief Executives or functional Directors are upgraded on personal basis so that exceptionally capable executives are retained in the CPSEs where they had rendered meritorious service. Such arrangements also help in attracting talent to sick or high-tech enterprises.

3.7.2 The procedure involves consideration of the proposals in the administrative Ministry concerned and the Department of Public Enterprises which consults the Public Enterprises Selection Board. At present there are 59 Schedule 'A', 71 Schedule 'B', 47 Schedule 'C', 6 Schedule 'D' and 62 uncategorized PSEs. During the year, three CPSEs have been upgraded from Schedule 'B' to 'A'.. Apart from this, seven posts of functional Directors have been created.

### 3.8 **Purchase Preference Policy**

3.8.1 Deference to the decision/directions of the Supreme Court of India in its judgement dated 18.5.2007 in the case of M/s Caterpillar India Pvt. Limited v/s Western Coalfields Limited and others, the Government reviewed, on 25<sup>th</sup> October, 2007, the Purchase Preference Policy for Products and Services of Central Public Sector Enterprises, which was prevailing since January, 1992, and decided as under :

- a. to reiterate the earlier decision dated 30.6.2005 of the Government that the Purchase Preference Policy for Products and Services will be terminated with effect from 31.3.2008;
- b. the preferential purchase policies framed for the specific sectors by the concerned Ministries/Departments within the relevant Act of Parliament or otherwise do not come within the purview of the decision at (i) above. The concerned Ministries/Departments may independently evolve/review preferential policies for the sectors of their concern, as per their requirement; and
- (c) to communicate the above decision to the Supreme Court of India.

The guidelines in this regard were issued on 21.11.2007.

### **3.9 MoU system in Central Public Sector Enterprises**

3.9.1 The extant MoU system prevalent since 1986 was revamped in 1989, and it moved closer to the “signaling system” of the Pakistani and the Korean model as developed by Prof. Leroy P. Jones (Director, Public Enterprises Programme, Boston University). ‘Performance contract’ under the MoU system, furthermore, got delinked from the medium-term agreement as recommended

by Arjun Sengupta Committee. Under the new MoU system that was implemented from the financial year of 1989-90, performance evaluation came to be based on the *annual targets* agreed upon between the government and the CPSEs. Another novel feature of the new system has been finalization of MoU under the overall supervision of a third party, namely, the MoU Task Force constituted by the Department of Public Enterprises. The MoU Task Force is independent of both the administrative ministry and the CPSE.

3.9.2 In order to distinguish ‘excellent performance’ from ‘poor performance’ under the new system, (five) different targets are finalised against each of the evaluation parameters. On a 5-point scale these are shown as (1) for ‘excellent’, (2) for ‘very good’, (3) for ‘good’, (4) for ‘fair’ and (5) for ‘poor’. The targets are fixed in two stages of (a) determining the basic target and (b) determining the percentage difference or the spread between one (target) level of performance and another. Each of the parameters is, furthermore, assigned weights to distinguish a more important evaluation parameter from a less important parameter (evaluation criterion). The final performance evaluation or ‘the composite score’ is arrived at by adding the weighted score of the actual achievements (at the end of the year) against each of the parameters, in comparison to the targets

that have been finalized (in the beginning of the year) on the 5-point scale.

3.9.3 The ‘composite score’ is thus an index of the performance of the enterprises. The *grading* of the ‘composite score’ is done in the following manner:

MoU Composite Score	Grading
1.00-1.50	Excellent
1.51-2.50	Very Good
2.51-3.50	Good
3.51-4.50	Fair
4.51-5.00	Poor

While both the French and the Korean systems of MoUs draw a distinction between the performance evaluation of the *enterprise* and those of the *management*, it is not so in the Indian case. The MoU system in India evaluates the performance of the enterprise; evaluation of the management is incidental as no concession is allowed for the exigencies of macro-economic factors outside the control of the management; no revision is either allowed for the targets that have been finalized in the beginning of the year.

#### 3.9.4 NCAER study on MoU and Performance Evaluation

The Department of Public Enterprises assigned a study to the National Council of Applied Economic Research (NCAER) in 2003 to examine afresh the choice of criteria for performance evaluation and the allocation of weight to the different parameters. The NCAER finally came up with the following Principal

Components of parameters for performance evaluation:

Principal Components of Parameters		Weight
I.	Financial (Static) Parameters	50%
II.	Non- financial Parameters	50%
	(i) Dynamic Parameters	30%
	(ii) Enterprise-specific Parameters	10%
	(iii) Sector-specific Parameter	10%

3.9.5 While the performance evaluation under the earlier system allocated 60% weight to ‘financial parameters’ and 40% weight to ‘non-financial parameters’, the NCAER recommended equal weights (50%) to both ‘financial’ and ‘non-financial’ parameters. In this respect it is similar to the ‘balanced score card’ approach of performance evaluation. The ‘non-financial parameters’ were further sub-divided into ‘dynamic parameters’, ‘enterprise-specific parameters’ and ‘sector-specific parameters’. Whereas the ‘financial’ parameters include primarily the ratios to reflect the capital, labour and total factor productivities, the ‘dynamic’ parameters refer to *project implementation, investment in R&D* and *extent of globalization* etc. Similarly, while the ‘sector-specific’ parameters refer to macro-economic factors like change in demand and supply, price fluctuations, variation in interest rates, beyond the control

of the management, the 'enterprise-specific' parameters refer to issues such as safety and pollution etc.

3.9.6 Moreover, while the above mentioned *principal components* were recommended to be the same for all CPSEs, the individual items/suggested as criteria for performance evaluation under each of these principal components were indicated to be different for different CPSEs classified as (a) 'social sector', (b) 'financial sector', (c) 'trading and consulting sector' and (d) 'other than financial trading/consulting and social sector'. Besides the above, *the new approach allowed discretion to the Task Force to change the weights of the different criteria included under 'dynamic', 'enterprise-specific' and 'sector-specific' parameters depending on their perception of the CPSE under consideration. The recommendations of the NCAER were subsequently accepted by the Government and the new methodology for setting up performance targets came into force since financial year 2004-05.*

### 3.9.7 Working Group on Review of MoU Guidelines

In May, 2008, the Department of Public Enterprises set up a Working Group on Review of the MoU guidelines in CPSEs under the Chairmanship of Shri Ashok Chandra, Chairman, Task Force to

review the existing guidelines. The Committee submitted its Report in September, 2008. The various recommendations of the Working Group to further improve the MoU evaluation system is under consideration of the Government.

### 3.9.8 MoU System Process and Principles

The process of finalizing the MoUs starts with the issue of detailed Guidelines by the Department of Public Enterprises (DPE) on the basis of which the CPSEs submit their draft MoU after getting them approved by the respective Boards and the Administrative Ministries. The draft MoUs indicate the (five) performance targets on a five point *scale for the ensuing financial year*. These draft MoUs are then discussed, improved and finalized during the MoU negotiation meetings of the Task Force Syndicates. The Department of Public Enterprises organizes these meetings, which is chaired by the Convener of the Task Force. Altogether there are eleven separate Syndicates for the different groups of CPSEs. Each Syndicate comprises the Convenor and six to eight members who are members of the MoU Task Force. Each Syndicate conducts the negotiations, which are attended by the Chief Executives of the CPSEs, Senior Officers from the administrative Ministries and the representatives of

the nodal Government agencies such as Planning Commission and Ministry of Finance.

#### 3.9.9 MoU Task Force

The MoU Task Force members who work as the honorary members of the various Syndicates are selected by the DPE and comprise former Civil Servants, CMDs of the Public Enterprise, financial and technical professionals, Chartered Accountants and academics. The rich experience and knowledge of the TF members in different fields provides the necessary technical input and enables the Syndicate in fixing more realistic targets. The DPE issues the Minutes of MoU negotiation meetings to the CPSEs (and the Ministry/Department concerned) for finalizing the MoUs which are authenticated in the DPE to ensure that those are in accordance with the decisions on targets as agreed upon during the meeting. Subsequently, all MoUs have to be signed before 31st March for implementation during the succeeding financial year.

#### 3.9.10 High Power Committee

The High Power Committee (HPC) is a Committee of Secretaries (COS) set up by the Government as the Apex Committee to assess the performance of MOU signing CPSEs with reference to the commitments made

by them in the MOU and also to assess how far the Administrative Ministries/Departments have been able to give the necessary support as committed by them in the MOU. HPC is headed by the Cabinet Secretary. Secretary, Department of Public Enterprises is the Member-Secretary of this Committee. The other members comprise Cabinet Secretary, Finance Secretary, Secretary (Expenditure), Secretary (Planning Commission), Secretary (Statistics & Programme Implementation). Chairman Public Enterprises Selection Board, Chief Economic Advisor, Department of Economic Affairs and Chairman Tariff Commission. The Apex Committee of Secretaries on MoU has been from time to time giving directions in regard to the determination of the *principles and parameters* for evaluating the performance of CPSEs. The High Power Committee on MoU and the Task Force are assisted by the MoU Division in the Department of Public Enterprises. It acts as the permanent secretariat of both the HPC and the Task Force.

#### 3.9.11 Performance of the MoU signing CPSEs

MoU rating during the last five years is shown in the table below:

**Table.I MoU Signing CPSEs**

<b>Rating</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Excellent	<b>54</b>	<b>45</b>	<b>44</b>	<b>46</b>	<b>55</b>
Very Good	<b>21</b>	<b>31</b>	<b>36</b>	<b>37</b>	<b>34</b>
Good	<b>10</b>	<b>12</b>	<b>14</b>	<b>13</b>	<b>15</b>
Fair	<b>11</b>	<b>10</b>	<b>08</b>	<b>06</b>	<b>08</b>
Poor	<b>00</b>	<b>01</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>Total</b>	<b>96</b>	<b>99</b>	<b>102</b>	<b>102</b>	<b>112</b>

Performance evaluation under the MoU system is followed by 'performance incentive'. The incentive system takes two forms, namely, *monetary and non-monetary*. MoU scores have implications for monetary incentive as performance related payments are based on them. The non-monetary incentive is in the form of MoU Excellence Award and MoU Excellence Certificate.

### 3.9.12 Principles for MoU Excellence Awards

The basic principles for selecting the best performing CPSEs for MoU Excellence Awards as laid down by HPC in its meeting dated 10<sup>th</sup> March 1995 are the following:

- (i) The profit of the CPSE in the year should be higher compared to the previous year.
- (ii) It should not be loss-making enterprise.

- (iii) The composite score of the CPSE should not be more than 2.00.

### **New system of Excellence Awards (w.e.f. 2006-07 onwards)**

The High Power Committee (HPC) on MoU during its meeting held on 15<sup>th</sup> December, 2006 decided to constitute a Committee under the Chairmanship of Shri N.K. Sinha to review the existing system of MoU Excellence Awards to CPSEs. The HPC considered the N.K.Sinha Committee report in July 2007 and decided that the total number of Excellence Awards will be 12, that is, 1 from each of 10 Syndicates, 1 from the listed CPSEs, 1 from amongst the turnaround sick and loss making Enterprises. All other excellent performing CPSEs will get merit certificates.

### **3.10 Human Resource Development Executive Training Programmes**

3.10.1 As the nodal Department for PSEs, the Department of Public Enterprises

is supplementing the efforts of the public enterprises towards human resource development by organizing Executive Development Programmes (EDPs) for senior and middle level executives in collaboration with premier Management/Training Institutes in the country.

3.10.2 The CPSEs design their own human resources development programmes so as to upgrade the skills and knowledge of *middle* and senior level executives by giving them training in India. To supplement the efforts of CPSEs, some of the premier management / training institutes and CPSEs are conducting training programmes in collaboration with the Department of Public Enterprises. The EDPs are conducted for a duration of 2-5 days. During 2007-2008, 26 such programmes were conducted and for the year 2008-09, 20 such programmes are planned. These programmes are organized in collaboration with CMC Limited, Jawaharlal Nehru Institute for Development, Institute of Company Secretaries, the Institute of Cost and Works Accountants of India, Hyderabad, National Institute of Micro Small and Medium Enterprises, Hyderabad, National Institute of Financial Management,

Faridabad, Institute of Chartered Accountants of India, Indian Society for Training and Development, Institute of Company Secretaries of India, Indian Society of Health Administration, Bangalore, etc.

3.10.3 The subjects covered under these programmes include financial management, leadership challenge, effective marketing management, total quality management, information technology & e-commerce, management information systems, communication skills, corporate governance, MOU principles & practices, project management, capital market reform & risk management, negotiation strategies & skills, health and stress management, industrial relations & labour issues, international taxation/ international finance and Workshop on Cluster Development Accounting Standards.

3.10.4 India is a founder member of the International Centre for Promotion of Enterprise (ICPE), Ljubljana, Slovenia which is an inter-governmental organization. India has doubled its annual contribution to ICPE from the year 2007-2008. Currently, Indian nominee is the Director-General of ICPE. ICPE also conducts full year MBA Course every year. Secretary, DPE is a member on the Board of Governors of IIM, Kolkata and

Institute of Public Enterprises, Hyderabad. DPE is also a member of the Executive Board of the Standing Conference of Public Enterprises (SCOPE).

### 3.11 Personnel Policy

3.11.1 Various personnel policy matters relating to CPSEs are dealt by DPE. Some of the important policy initiatives taken during the year are given below.

3.11.2 Procedure to be observed for Board Level appointments for CPSEs requiring approval of ACC

3.11.3 In September, 2005 powers for entrusting additional charge arrangements in all scheduled CPSEs have been delegated to the respective Ministries subject to certain conditions.

The issue relating to requirement of fresh vigilance clearances for extension of additional charge arrangements in respect of Board level posts in Central Public Sector Enterprises (CPSEs) had been considered by the Government in consultation with Central Vigilance Commission and the following further guidelines had been issued in October, 2007:-

- (a) for additional charge of Board level positions in PSUs, for an initial period of up to three months, clearance from the CVO would suffice;
- (b) for continuation of the additional charge arrangements, beyond three months, clearance from CVC would be required;
- (c) fresh CVC clearance would be required, if the arrangements continue, beyond one year; and
- (d) in the cases where additional charge is assigned to either a functionary of another PSU, or an officer from a Ministry, clearance from the CVO would not suffice, and CVC clearance would be necessary.

3.11.4 The matter was again considered by the Government in consultation with Central Vigilance Commission and it has been decided that henceforth in such cases clearance from the Commission is not required to be sought for the purpose of additional charge arrangements in respect of Board-level functionaries in PSUs, unless the Department concerned has material in their possession on the basis of which it has reason to believe that vigilance status has changed since the incumbent was last cleared for Board level appointment.

The clearance from CVO would continue to be required as stipulated in the foregoing paragraph. The earlier instructions dated October, 2007 would continue to apply in cases where the Functional Director of a CPSE or an officer from the Ministry is proposed to be given additional charge of MD/CMD of the CPSEs.

### 3.11.5 Post –Retirement Employment of Top Level Executives of CPSEs

During the year, instructions were issued to the effect that Board level executives of CPSEs can undertake post-retirement employment after a period of one year as compared to 2 years earlier. The concerned administrative Ministry/Department has been empowered to take a final decision on the application(s) for granting permission to accept any appointment/post after retirement and communicate the same to the applicant within a time limit of 30 days.

Prescription of Qualification/ Experience for various Board Level positions in CPSEs.

Laying down norms to infuse more transparency and objectivity in the PESB selections has further been considered by the Government and it has been decided that the Administrative Ministry concerned may, in consultation with the PESB,

finalise the eligibility criteria in respect of various Board level positions in different PSUs under their control. Once the recruitment norms are finalized, such norms should have validity for a minimum period of 5 years. The finalised eligibility criteria should be open for the information of the general public. In case of any disagreement or dispute between the PESB and the Administrative Ministry in relation to finalization of eligibility conditions, the matter should be referred to ACC for final orders.

### 3.12 **Employment in Central Public Enterprises Under Reserved Categories**

3.12.1 The Public Enterprises generally follow the instructions of the Department of Personnel & Training regarding Reservation Policy. A Presidential Directive incorporating all the important instructions in this regard was issued in February 1982 to the concerned administrative Ministries/ Departments by the Department of Public Enterprises for formal issuance to the Public Enterprises. Since then, the Department of Personnel & Training has issued various instructions/directives relating to the reservation Policy of the Government. The Department of Public Enterprises have consolidated these instructions and a revised comprehensive directive was issued to all Administrative Ministries/ Departments in April, 1991 for formal

issuance to Central Public Sector Enterprises (CPSEs). Instructions issued subsequently on reservation matters have also been extended to Public Sector Enterprises.

3.12.2 The present quota of reservation for employees belonging to Scheduled Castes, Scheduled Tribes and Other Backward Classes (OBCs) where recruitment is on All-India basis through open competition as well as other categories of employees entitled to reservation is indicated below:-

	Group	Group	Group
	'A' & 'B'	'C'	'D'
Scheduled Castes	15%	15%	15%
Scheduled Tribes	7.5%	7.5%	7.5%
Other Backward Classes	27%	27%	27%
Physically Handicapped Persons	3%	3%	3%
Ex-servicemen & Dependents of those killed in action	-	14.5%	24.5%

3.12.3 Although the administrative Ministries/Departments concerned have been made responsible for implementation of reservation policy, the Department of Public Enterprises also keep a watch on the progress made by CPSEs in the implementation of the reservation scheme in the recruitment by calling for Annual Reports from the public enterprises and also by taking follow-up action after scrutinizing these reports.

3.12.4 The need to ensure timely filling up of reserved posts has been stressed in various instructions from time to time. All administrative Ministries/

Departments have been requested to advise the CPSEs under their administrative control to take effective steps to fill up the unfilled reserved posts and backlog vacancies in direct recruitment as well as in promotion in accordance with the existing instructions. One of the agenda of UPA Government enunciated in National Common Minimum Programme (NCMP) is to launch Special Recruitment Drive to fill up the backlog reserved vacancies for SCs & STs in the CPSEs. DPE vigorously followed up this issue with the CPSEs for filling up the backlog vacancies for SC/ST in direct recruitment as well as in promotions.

3.12.5 Reservation for OBCs

Based on the recommendations of the Second Backward Classes Commission (Mandal Commission) and in accordance with the Supreme Court Judgement in the Indira Sawney Case, instructions were issued providing reservation of 27% of vacancies in favour of Other Backward Classes (OBCs) in Civil Posts and Services under the Government of India. Department of Personnel & Training (DoPT) who formulate the policy in respect of reservation in services, have been issuing instructions from time to time on various aspects of reservation in respect of OBCs. Reservation for OBCs was made effective w.e.f.

8.9.1993. Department of Public Enterprises has been extending these instructions to the Public Sector Enterprises through their administrative Ministries for compliance. A comprehensive Presidential Directive incorporating all instructions was prepared by the Department of Public Enterprises and issued to all administrative Ministries vide DPE OM dated 27<sup>th</sup> July, 1995 for formal issuance to the PSEs under their control, under the relevant Articles of Association/Section of the relevant Act.

3.12.6 Reservation for persons with disabilities

This Department has also issued instructions to ensure reservation for the Persons with Disabilities upto 3% of the vacancies occurring in a particular year (1% for Visually Handicapped, 1% for Hearing Handicapped and 1% for Orthopaedically Handicapped).

**3.13 Wage Policy**

3.13.1 The Department of Public Enterprises (DPE) functions as nodal Department inter-alia, in respect of policy relating to wage settlements of unionized employees, pay revision of non-unionized supervisors and executives holding posts below the Board level as well as at the Board level in CPSEs. The Department renders advice to the administrative Ministries/ Departments and the

CPSEs in matters relating to the wage policy and revision in the scales of pay of the executives. The CPSEs are largely following Industrial Dearness Allowance (IDA) pattern scales of pay. In some cases Central Dearness Allowance (CDA) pattern scales of pay is followed.

3.13.2 Industrial Dearness Allowance (IDA)

Government policy relating to pay scales and pay pattern is that all employees of the CPSEs should be on IDA pattern and related scales of pay. Instructions had been issued by the DPE in July, 1981 and July, 1984 to all the administrative Ministries/Departments that as and when a new CPSE is created or established, IDA pattern and related scales of pay should be adopted ab-initio. There are 247 CPSEs (excluding Banks, Insurance Companies and newly set up CPSEs) under the administrative control of the Central Government. They employ approximately 16.14 lakhs workmen, clerical staff and executives. Out of this, around 96.4 % of the workmen and executives are on IDA pattern and related scales of pay.

3.13.3 Second Pay Revision Committee

The Second Pay Revision Committee (IInd PRC) for the revision of scales of pay of Board level and below Board level executives including non-unionised supervisors of CPSEs

following Industrial Dearness Allowance (IDA) pattern scales of pay w.e.f. 1.1.2007 was constituted vide the Government of India Resolution dated 30.11.2006. The Pay Revision Committee was headed by Mr. Justice M. Jagannadha Rao, retired Judge, Supreme Court of India as Chairman. Dr. Nitish Sengupta (Economist & former Member Secretary, Planning Commission, Government of India), Shri P.C. Parakh (former Secretary, Department of Coal, Government of India) and Shri R.S.S.L.N. Bhaskarudu (former Managing Director, Maruti Udyog Ltd. & ex-

Chairman, Public Enterprises Selection Board) were Members. Secretary and Joint Secretary, Department of Public Enterprises were ex-officio Member and Secretary of the Committee, respectively. The Committee submitted its report to the Government on 30.05.2008. The recommendations of 2<sup>nd</sup> Pay Revision Committee were considered by Government. The orders for pay revision of executives and non unionised Supervisors of CPSEs w.e.f. 01.01.2007 were issued on 26<sup>th</sup> November, 2008. The details are as follows:-

**Existing and revised pay scales are, as under :**

<b>Grade</b>	<b>Existing</b>	<b>Revised</b>
<b>1</b>	<b>2</b>	<b>3</b>
E0	6550-200-11350	12,600-32,500
E1	8600-250-14600	16,400-40,500
E2	10750-300-16750	20,600-46,500
E3	13000-350-18250	24,900-50,500
E4	14500-350-18700	29,100-54,500
E5	16000-400-20800	32,900-58,000
E6	17500-400-22300	36,600-62,000
E7*	18500-450-23900	43,200-66,000
E8*	20500-500-26500	51,300-73,000
E9*	23750-600-28550	62,000-80,000
Director (D)	18500-450-23900	43200-66,000
CMD (D)	20500-500-25000	51300-73,000
Director (C)	20500-500-25000	51300-73,000
CMD (C)	22500-600-27300	65,000-75,000
Director (B)	22500-600-27300	65,000-75,000
CMD (B)	25750-650-30950	75,000-90,000
Director (A)	25750-650-30950	75,000-1,00,000
CMD (A)	27750-750-31500	80,000-1,25,000

\*E7 only in CPSEs of Schedule A, B & C.

\*E8 only in CPSEs of Schedule A & B.

\*E9 only in CPSEs of Schedule A.

- i. A uniform fitment @ 30% of Basic Pay + DA as on 01.01.2007 to all executives.
- ii. The benefit of one additional increment for every two increments earned to mitigate the problem of junior and senior executives getting the same pay.
- iii. A uniform rate of annual increment as well as stagnation increment @ 3% of Basic Pay in all CPSEs.
- iv. The stages of implementation of pay revision in a CPSE, depending upon their affordability will be as under:  
 Stage1 - Basic pay + HRA + Statutory contributions  
 Stage 2 - Basic pay + HRA + Statutory contributions + part allowances + part PRP  
 Stage 3 - Full package
- v. Those marginally profit making CPSEs, which are not able to implement even stage 1 mentioned above may give an increase of 10% or 20% of their existing pay plus DA, depending upon their affordability.
- vi. The ceiling of Gratuity for the executives of CPSEs may be increased to Rs. 10 lakh.
- vii. In addition to Board level executives, EDs/ GMs heading projects of CPSEs may also be provided with company car.
- viii. The recommendations of 2<sup>nd</sup> PRC with regard to Dearness Allowance, House Rent Allowance, Leased Accommodation, City Compensatory Allowance, other allowances/ perks, Variable Pay/ Performance Related Pay, Memorandum of Understanding, Performance Management System, Remuneration Committee, Long Term Incentives, Cost to the Company, retirement age, Non-Unionized Supervisory staff and Superannuation Benefits have been accepted by the Government for implementation.
- ix. Appropriate compensation package in respect of non-unionized supervisors would be decided by the respective Board of Directors of the CPSEs.
- x. The revised pay scales would be implemented by issue of Presidential Directive in respect of each CPSE separately by the concerned Administrative

Ministry/ Department. The revised pay scales will be effective from 1.1.2007. The payment of HRA, perks and allowances based on the revised scales will, however, be from the date of issue of Presidential Directives.

- xi. Expenditure on account of pay revision has to be entirely borne by the CPSEs, out of their earnings.
- xii. An Anomalies Committee consisting of Secretaries of DPE, DoE and DoPT may be constituted to look into further specific issues/problems that may arise in implementation.

#### 3.13.4 Policy on 7<sup>th</sup> Round of Wage negotiations

DPE vide its OM dated 9.11.2006 has issued the policy guidelines for the 7<sup>th</sup> Round of Wage Negotiations (which falls due on a general basis from 01.01.2007) with the unionized workmen of CPSEs. The management of CPSEs have freedom to negotiate revision of pay scales for the workmen within certain conditions. The guidelines are broadly similar to the earlier policy on the Sixth Round of Wage Negotiations. DPE vide its OM dated 01.05.2008 have allowed administrative Ministries/ Departments concerned with CPSEs

to take a decision on a case to case basis for the periodicity of wage settlement below 10 years but not less than 5 years, with the approval of their Minister.

#### 3.13.5 Pay revision of employees under CDA Pattern in CPSEs

As per the recommendations of the High Power Pay Committee and Supreme Court directives thereon, the employees following CDA pattern of scales of the Central Public Sector Enterprises would get pay revision only as and when similar changes are effected for the Central Government employees. Accordingly, the recommendations of 5<sup>th</sup> Central Pay Commission w.e.f. 1.1.1996 had been extended to the employees of CPSEs following CDA pattern of scales. In addition, the employees of CPSEs following CDA pattern have also been allowed the benefit of merger of 50% of DA with basic pay w.e.f 1.4.2004. This benefit has been allowed to the employees of CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of merger of DA with basic pay from their own resources without any budgetary support from the Government.

#### 3.13.6 DPE vide its OM dated 14.10.2008, on the basis of Governments decision on recommendations of 6<sup>th</sup> Central Pay Commission has revised the pay

scales of the employees of CPSEs following CDA pattern w.e.f. 01.01.2006. The benefit of pay revision was applicable to the employees of those CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of pay revision from their own resources without any budgetary support from the Government. It has also been indicated that the Board of Directors would consider the proposal of pay revision of all the employees in the CPSE, keeping in mind the affordability and capacity of the CPSE to pay and submit a proposal to its Administrative Ministry/Department, which will approve the proposal with the concurrence of its Financial Advisor. In respect of Food Corporation of India, the concurrence of Department of Expenditure would also be required.

### 3.14 **Voluntary Retirement Scheme (VRS)**

3.14.1 From the introduction of the Voluntary Retirement Scheme initially in October 1988 to March 2008, approximately 5.94 lakh employees have been released under VRS.

3.14.2 VRS in CPSEs which can sustain the compensation themselves

Enterprises, which are financially sound and can sustain VRS on their own, can frame their own schemes of

VRS and make it attractive enough for employees to opt for it. They may offer as compensation upto 60 days salary (only Basic Pay + DA) for every completed year of service. However, such compensation will not exceed the salary for the balance period of service left.

#### 3.14.3 VRS in Marginally Profit or Loss Making CPSEs

Marginally profit /loss making CPSEs as well as sick and unviable units may adopt either:

(i) the Gujarat Model under which the compensation is computed by allowing 35 days salary for every completed year of service and 25 days for each year of the balance service left until superannuating subject to conditions that the compensation shall not exceed the sum of salary for the balance period left for superannuation.

OR

(ii) the VRS package of Department of Heavy Industry (DHI model) under which ex-gratia payment equivalent to 45 days emoluments ( Pay + DA) for each completed year of service or the total emoluments for the balance

period of service, whichever is less, is applicable. The employees who have completed not less than 30 years of service will be eligible for a maximum of 60(sixty) months salary/wage as compensation and this will be subject to the amount not exceeding the salary/ wage for the balance period for service left.

### **3.15 Permanent Machinery of Arbitration**

3.15.1 Permanent Machinery of Arbitrators has been set up in Department of Public Enterprises for resolving commercial disputes, except taxation, between CPSEs inter-se as well as between a CPSEs and a Central Government Department/Ministry. From 1993-94 disputes with Port Trusts have also been included under the purview of PMA for arbitration. The Ministry of Railways were excluded from the purview of PMA vide DPE OM dated 12.2.97. The disputes are required to be referred to Department of Public Enterprises for its reference to the Arbitrator of PMA. Secretary, Department of Public Enterprises on being satisfied with prima facie existence of dispute, refers the dispute to the Arbitrator of the PMA for Arbitration. The Arbitration Act, 1940 (now 1996) is not applicable in these cases. No outside lawyer is

allowed to appear on behalf of either party for presenting/defending the cases.

3.15.2 The Arbitrator issues notices to parties concerned for submission of facts of the case and their claims and counter claims. He invites the parties to present their case before him. Based on written records and oral evidence the Arbitrator gives an award. Both the disputing parties have to bear the arbitration cost equally. An appeal against the award of the Arbitrator can be made to the Secretary, Ministry of Law, in case either party is not satisfied with the award. The decision of Secretary, Ministry of Law is final and binding on the parties. No appeal can be made in the Court of Law/Tribunal against the decision of Secretary(Law). PMA guidelines were revised on 22.1.04.

3.15.3 There is one Arbitrator in the PMA and ever since the PMA was created in 1989, the Secretary (PE) has referred 224 cases to the Arbitrators of PMA, out of which Awards in 144 case have been published. The PMA is designed to be self supporting, and hence the PMA charges an Arbitration fee which is worked out by the Arbitrator based on the formula given in the guidelines.

### **3.16 Board for Reconstruction of Public Sector Enterprises (BRPSE)**

3.16.1 The National Common Minimum Programme (NCMP) envisages a strong and effective public sector. It

has laid great emphasis on turning around of sick and loss making CPSEs. Accordingly, a Board for Reconstruction of Public Sector Enterprises (BRPSE) has been set up (December, 2004), under the administrative charge of the Department of Public Enterprises, to consider inter-alia, revival/restructuring proposals of sick/loss making CPSEs and make suitable recommendations related thereto.

3.16.2 First meeting of BRPSE was held on 16.12.2004. 8 meetings of BRPSE have taken place during January 2008 to October 2008. During this period the Board had considered the proposals of 11 CPSEs (including 3 remitted cases of previous years) and given its recommendations in respect of 6 CPSEs and the balance 5 cases have been remitted to the concerned administrative Ministries/Departments for resubmission.

3.16.3. The recommendations of BRPSE in respect of the 6 CPSEs fall under the following broad categories :

Sl. No.	Category	No. of CPSEs
1.	Revival through restructuring package	4
2.	Revival through take over by State Govt./ joint venture with PSEs/ Disinvestment	2
<b>Total</b>		<b>6</b>

3.16.4. Since the inception of BRPSE and till October 2008, 62 meetings have taken place and the Board has considered proposals of 62 CPSEs. Till October

2008, the Board has given its recommendations in respect of 54 CPSEs. In addition, the Board has also recommended to the Government to accord 'in principle' approval for reversal of its earlier decision to close the units of Fertilizer Corporation of India Ltd. (FCIL) and Hindustan Fertilizer Corporation Ltd. (HFCL) so as to explore various options for their revival.

3.16.5 The recommendations of BRPSE in respect of the 54 CPSEs fall under the following broad categories:

Sl. No.	Category	No. of CPSEs
1.	Revival through restructuring package	39
2.	Revival through take over by State Govt./ joint venture with PSEs/ Disinvestment	9
3.	Revival through merger/takeover	4
4.	Closure	2
<b>Total</b>		<b>54</b>

3.16.6 Out of the 54 cases recommended upon, Government has so far approved the proposals of 34 CPSEs. In addition, Government have also decided 'in principle' to examine the possibility of revival of FCIL and HFCL subject to the confirmed availability of Gas. The Government have further approved (i) revival of Barauni unit of HFCL through Special Purpose Vehicle, (ii) constitution of Empowered Committee of Secretaries with the mandate to evaluate all options for revival of closed units and make suitable recommendations for consideration of Government, and (iii) in-principle approval for writing off

GOI's loans and interest liabilities subject to finalization of a fully tied up investment proposal for revival of the closed units.

### 3.17 **Scheme of Counselling, Retraining and Redeployment**

3.17.1 The scheme for Counselling, Retraining and Redeployment (CRR) inter-alia aims:

- to provide opportunity for self-employment.
- to reorient rationalized employees through short duration programmes.
- to equip them for new avocations.
- to engage them in income generating self-employment.
- to help them rejoin the productive process.

The main elements of the CRR programme are Counselling, Retraining and Redeployment. Besides, a new element of sensitization programme has also been included under CRR programme.

3.17.2 A Plan Fund of Rs. 8 crore was allocated initially during 2001-02, which was enhanced to Rs.10 crore during 2002-03 and 2003-04. The plan fund substantially increased to Rs. 30 crore during 2004-05 and 2005-06 and further enhanced to Rs. 31.50 crore during 2006-07. During 2007-08, plan fund of Rs.7.70 crore was allocated for implementation of CRR Scheme. In 2007-08, 17 nodal agencies were operational with 58 Employees

Assistance Centres (EACs). During 2008-09, a budgetary allocation of Rs.10 crore has been made which also includes for new plan scheme of Research, Development and consultancies on generic issues of CPSEs. Year wise number of persons trained under the scheme is shown as under:-

Year	No. of persons trained
2001-02	8064
2002-03	12066
2003-04	12134
2004-05	28003
2005-06	32158
2006-07	34398
2007-08	9728
2008-09 (upto Nov., 08)	4136
Total	140687

In order to improve the coverage of the scheme and make it more effective, following modifications have been incorporated in the Scheme:-

- (i) One dependent of VRS optee could be considered where VRS optee himself is not interested.
- (ii) Duration of the training has been extended from 20/30/40 days to 30/45/60 days and expenditure norm has also been revised from Rs. 5300/-, Rs. 6600/- and Rs. 7900/- to Rs. 7000/-, Rs. 9000/- and Rs. 11,000/- respectively.
- (iii) Separate amount has been earmarked in the expenditure norm for follow-up.
- (iv) Effective targeting, monitoring and redeployment.

### **3.18 Official Language Policy**

- 3.18.1 Hindi Cell of this Department is primarily responsible for implementation of various provision of the Official Language Act and the rules framed there under. Hindi Cell is also responsible for translation of documents required to be issued under Section 3(3) of the Official Language Act. As more than 80% of the staff of this Department knows Hindi, the Department has been notified under rule 10(4) of the Official Language Rules, 1976.
- 3.18.2 All notifications, resolutions, notices, circulars, papers laid on the Table of the House of Parliament etc., have been issued bilingually during the year 2008-09. Efforts were also made to promote original correspondence in Hindi. The Official Language Implementation Committee of DPE continues to function under the Chairmanship of the Joint Secretary.
- 3.18.3 With a view to create consciousness and accelerating the use of Hindi as Official Language, Hindi Pakhwada, was organized by the Department from 15th September, 2008 to 26th September, 2008. During the Pakhwada three competitions namely, Hindi Essay writing, Hindi Shrutlekh and Hindi Elocution were organized for the officers and employees and cash prizes were distributed to the winners by the Secretary, Department of Public Enterprises.

3.18.4 The Department presents Annual "Public Enterprises Survey" on the working of Central Public Sector Enterprises in the Parliament every year. This is a voluminous and comprehensive document brought out by the Department simultaneously in English and Hindi.

### **3.19 Welfare of Women**

- 3.19.1 The principle of gender equality is enshrined in the Indian Constitution in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only grants equality to women, but also empowers the State to adopt measures of positive discrimination in favour of women. Within the framework of a democratic policy, our laws, development policies, plans and programmes have aimed at advancement of women in different spheres.
- 3.19.2 Department has also set up a complaint committee under the chairmanship of a lady officer to ensure fair, safe and healthy environment at work place for women. The guidelines laid down by the Supreme Court relating to sexual harassment have been brought to the notice of all those working in this Department. Department of Public Enterprises vide their OM dated 29<sup>th</sup> May, 1998, has already issued detailed guidelines and norms to Chief Executives of PSEs for observance and

prevention of sexual harassment of working women.

3.19.3 The Department of Public Enterprises is having a total sanctioned strength of 130. There are 86 officers/staff, in position, including 6 lady employees. The Department has made all possible efforts to create a healthy and congenial atmosphere so that women employees can perform duties with honour, dignity and without fear.

### 3.20 **Welfare of SC/ST/OBC/PWDs and Minorities**

3.20.1 Department is following the general instructions of the Government about the welfare of SC/ST/OBC/ Persons with disabilities and minority communities. An SC/ST Cell has been functioning under the supervision of an Officer of the rank of Director for proper monitoring of the implementation of reservation policy of Government of India.

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