



सत्यमेव जयते

# *Annual Report* | 2018-19



- Heavy Engineering
- Machine Tools
- Heavy Electricals
- Automobiles
- Public Sector Enterprises

**Government of India**

**Ministry of Heavy Industries and Public Enterprises**





# Annual Report 2018-19

**Ministry of Heavy Industries and Public Enterprises**

Government of India

Udyog Bhawan, New Delhi-110 011

Website : [dhi.nic.in](http://dhi.nic.in) / [dpe.nic.in](http://dpe.nic.in)



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# Overview of the Ministry of Heavy Industries and Public Enterprises

**1.1** The Ministry of Heavy Industries and Public Enterprises, comprising Department of Heavy Industry and the Department of Public Enterprises, functions under the charge of Cabinet Minister (Heavy Industries and Public Enterprises). There is a Minister of State for Heavy Industries and Public Enterprises. The Ministry promotes the development and growth of three sectors i.e. Capital Goods, Auto and Heavy Electrical Equipments in the country; administers 31 Central Public Sector Enterprises (CPSEs); 5 Autonomous Organizations and frames policy guidelines for Central Public Sector Enterprises (CPSEs) and overall administration of CPSEs.

## **A. Department of Heavy Industry (DHI)**

**1.2** The allocation of work of the Department of Heavy Industry entails promoting engineering industry viz. machine tools, heavy electrical, industrial machinery and auto industry and administration of 31 CPSEs and 5 autonomous organizations. The list of CPSEs and their current status is given in the Annexure-1(A). The CPSEs under the Department are engaged in manufacture, consultancy and contracting services. The CPSEs under the Department manufacture a wide range of products viz; Boilers, Gas/Steam/Hydro turbines,

Industrial machinery, turbo generators, three wheelers and consumer products such as Paper and Salt. The Ministry also looks after the Machine building Industry and caters to the requirements of equipment for basic industry such as Steel, Mining, Non-Ferrous Metals, Power, Fertilizers, Refineries, Petrochemicals, Shipping, Paper, Cement, Sugar, etc. The Department supports the development of a range of Intermediate Engineering Industry such as castings, forgings, diesel engines, industrial gears and gear boxes. The Department also provides over sight to the following autonomous organisations:

- i. Automotive Research Association of India (ARAI), set up in 1966, and ARAI Forging Industry Division, (ARAI-FID) Pune, Maharashtra, set up in 2006.
- ii. Fluid Control Research Institute (FCRI), Palakkad, Kerala set up in July 1987, to cater to the needs of the flow industry for calibration,
- iii. NATRIP Implementation Society (NATIS), set up in July 2005, for guiding the implementation of the National Automotive Testing and R & D Infrastructure Project (NATRIP),

- iv National Automotive Board (NAB) set up in 2012 to steer, coordinate and synergize all efforts of the government in the automotive sector.
- v Central Manufacturing Technology Institute (CMTI), an R&D organization focusing on the manufacturing technology sector and assisting technological growth in the country.

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

**1.3** The Department maintains a constant dialogue with various Industry Associations in the Capital goods, Auto and Heavy Electrical Equipment Sector and encourages initiatives for the growth of industry. The Department also assists the industries in achieving their growth plans through support for policy, other interventions such as restructuring of tariff, technological collaboration and research & development activities etc.

**1.4** The Department of Heavy Industry is headed by a Secretary to the Government of India who is assisted by three Joint Secretaries, Economic Adviser, Directors/ Joint Directors/Deputy Secretaries. The Department is also supported by Integrated Finance Wing headed by the Special Secretary and Financial Adviser. The overall sanctioned strength of the Department (as on 31.03.2019) is 234. The organogram chart of the Department is at **Annexure-II**.

## **B Department of Public Enterprises (DPE)**

**1.5** 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 in the Ministry of Finance. Subsequently, 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 known as the Department of Public Enterprises (DPE). Presently, it is part of the Ministry of Heavy Industries & Public Enterprises.

**1.6** The Department of Public Enterprises is the nodal department for all the Central Public Sector Enterprises (CPSEs) and formulates policy pertaining to CPSEs. It lays down, in particular, policy guidelines on performance improvement and evaluation, autonomy and financial delegation and personnel management in CPSEs. It furthermore collects and maintains information in the form of a Public Enterprises Survey on several areas in respect of CPSEs.

**1.7** In fulfilling its role, the Department coordinates with other Ministries, CPSEs and concerned organisations. As per the Allocation of Business Rules of the Government, the following subjects have been allocated to the DPE:

- Residual work relating to erstwhile Bureau of Public Enterprises including Industrial Management Pool.



- Coordination of matters of general policy affecting all Public Sector Enterprises.
- Evaluation and monitoring the performance of Public Sector Enterprises, including the Memorandum of Understanding mechanism.
- Matters relating to Permanent Machinery of Arbitration for the Public Sector Enterprises.
- Counselling, training and rehabilitation of employees in Central Public Sector Undertakings under Voluntary Retirement Scheme.
- Review of capital projects and expenditure in Central Public Sector Enterprises.
- Measures aimed at improving performance of Central Public

Sector Enterprises and other capacity building initiatives of Public Sector Enterprises.

- Rendering advice relating to revival, restructuring or closure of Public Sector Enterprises including the mechanisms therefor.
- Matters relating to Standing Conference of Public Enterprises.
- Matters relating to International Center for Public Enterprises.
- Categorisation of Central Public Sector Enterprises including conferring 'Ratna' status.
- Survey of Public Enterprises.

**1.8** Department of Public Enterprises is headed by Secretary to the Government of India who is assisted by an establishment with an overall sanctioned strength of 119 officers/ personnel. The organizational structure of DPE is at **Annexure-I**





## Department of Heavy Industry (DHI)

### Vision

To have a globally competitive, growth oriented and profitable Heavy Industry; and self- reliant and growth oriented CPSEs under the Department.

### Mission

To facilitate Auto, Heavy Electrical and Capital Goods Sectors to be globally competitive, growth oriented and profitable and to provide all necessary support to the CPSEs in order to improve their overall performance.



## 1.1 Performance of Industry

1.1.1 Government has taken numerous steps to boost industrial development, capital formation and employment generation in the country. These, inter-alia, include, 'Make in India', 'Start-up India' initiatives and 'Ease of Doing Business'. Steps taken to improve ease of doing business include simplification and rationalisation of existing rules and introduction of information technology, setting up of an Investor Facilitation Cell, launch of e-biz Portal and liberalising policy for industrial license for defence industries. Foreign Direct Investment (FDI) policy and procedures have been simplified and liberalised progressively. Government has taken up a programme of building pentagon of industrial corridors across the country with

an objective to provide developed land and quality infrastructure for development of industrial townships.

1.1.2 As per the National Accounts Statistics, the Gross Value Added (GVA) in the industrial sector has recorded growth of 5.9 per cent in 2017-18 as compared to growth of 7.7 per cent in 2016-17 and also the GVA of industry is estimated to grow by 7.7 per cent in 2018-19. Within industry, the Gross Value Added (GVA) in the manufacturing sector has recorded growth of 5.9 per cent in 2017-18 as compared to growth of 7.9 per cent in 2016-17 and also the GVA of manufacturing is estimated to grow by 8.1 per cent in 2018-19 (**Table-1**). During the first three quarters of 2018-19, GVA in manufacturing has registered growth rate of 12.4 per cent, 6.9 per cent and 6.7 per cent respectively.

**Table 1: Growth Rate (in %) of GVA at basic price (at constant prices 2011-12)**

Industry	2012-13	2013-14	2014-15	2015-16*	2016-17 (2 <sup>nd</sup> RE)	2017-18 (1 <sup>st</sup> RE)	2018-19 (2 <sup>nd</sup> AE)
I. Agriculture	1.5	5.6	-0.2	0.6	6.3	5.0	2.7
II. Industry	3.3	3.8	7.0	9.6	7.7	5.9	7.7
Mining & quarrying	0.6	0.2	9.7	10.1	9.5	5.1	1.2
Manufacturing	5.5	5.0	7.9	13.1	7.9	5.9	8.1
Electricity, gas & water supply	2.7	4.2	7.2	4.7	10.0	8.6	8.0

Industry	2012-13	2013-14	2014-15	2015-16*	2016-17 (2 <sup>nd</sup> RE)	2017-18 (1 <sup>st</sup> RE)	2018-19 (2 <sup>nd</sup> AE)
Construction	0.3	2.7	4.3	3.6	6.1	5.6	8.9
III. Services	8.3	7.7	9.8	9.4	8.4	8.1	7.4
Trade, hotels, transport, communication & services related to broadcasting	9.8	6.5	9.4	10.2	7.7	7.8	6.8
Financial Services, real estate & professional services	9.7	11.2	11.0	10.7	8.7	6.2	7.3
Public administration, defence and other services	4.3	3.8	8.3	6.1	9.2	11.9	8.5
GVA at basic price	5.4	6.1	7.2	8.0	7.9	6.9	6.8

\*:Third Revised Estimates, RE: Revised Estimates, AE: Advance Estimates

Source: Central Statistics Office.

1.1.3 Industrial performance measured in terms of Index of Industrial Production (IIP), with base year 2011-12, registered growth of 4.0 per cent in the first eleven months of the current year i.e April-February, 2018-19. During this period, the Manufacturing sector grew by 3.8 per cent. Mining and Electricity sectors recorded growth of 3.0 percent and 5.5 percent respectively.

1.1.4 As per the use-based classification of IIP, during April-February, 2018-19, Capital goods sector registered positive growth of 4.3 per cent. The growth in production of Primary goods, Infrastructure/construction goods, Consumer durables and Consumer non-durables have been positive during April-February, 2018-19. The production of Intermediate goods decline by 0.3 per cent during April-February, 2018-19 (**Table-2**).

1.1.5 Manufacturing sector growth has been driven mainly by high growth in consumer durables

and infrastructure/construction goods. Domestic demand has spurred consumer durable segment production by 6.4 per cent in the period April-February 2018-19. Amongst consumer durables Rim (Wheel), Readymade Garments, Pumps of all types, Computers & peripherals, Glassware, Plastic jars, bottles and containers, Axle, Electric heaters, Auto components/spares and accessories, Two-wheelers (motorcycles/ scooters), Electrical apparatus for switching or protecting electrical circuits etc. have shown robust growth. Growth in capital goods production was 4.3 per cent during April- February 2018-19, mainly driven by high growth in the item groups, namely, Ship building and parts thereof, Commercial Vehicles, Transformers (Small), Agricultural tractors and Machine tools, Harvesters and threshers, Air/gas compressors of all types (incl. compressors for refrigerators) etc.

**Table 2: Growth Rate (in % of Index of Industrial production (IIP) with base 2011-12 prices**

Sector/Groups	Weight	2016-17	2017-18	2017-18 Apr-Feb	2018-19 Apr-Feb
<b>Sectoral classification</b>					
Mining	14.3725	5.3	2.3	2.3	3.0
Manufacturing	77.6332	4.4	4.6	4.6	3.8
Electricity	7.9943	5.8	5.4	5.2	5.5
Overall IIP	100.00	4.6	4.4	4.3	4.0
<b>Use Based classification</b>					
Primary goods	34.0486	4.9	3.7	3.8	3.6
Capital goods	8.2230	3.2	4.0	4.9	4.3
Intermediate goods	17.2215	3.3	2.3	2.2	-0.3
Infrastructure/ construction goods	12.3384	3.9	5.6	5.3	7.7
Consumer durables	12.8393	2.9	0.8	0.3	6.4
Consumer non-durables	15.3292	7.9	10.6	10.2	4.1
Overall IIP	100.00	4.6	4.4	4.3	4.0

Source: Central Statistics Office.

**1.2 The Department of Heavy Industry has also been allocated the following subjects/Industrial Sectors:**

- (a) Heavy Engineering Equipment and Machine Tools Industry
- (b) Heavy Electrical Engineering Industry
- (c) Automotive Sector, including Tractors and Earth Moving Equipment.

**1.3 19 Industrial Sub-sectors under the 3 brand sector in section 1.2 are as under:-**

- (i) Boilers
- (ii) Cement Machinery
- (iii) Dairy Machinery
- (iv) Electrical Furnace
- (v) Freight Containers
- (vi) Material Handling Equipment
- (vii) Metallurgical Machinery
- (viii) Mining Machinery
- (ix) Machine Tools
- (x) Oil Field Equipment
- (xi) Printing Machinery
- (xii) Pulp and Paper Machinery
- (xiii) Rubber Machinery
- (xiv) Switchgear and Control Gear
- (xv) Shunting Locomotive

- (xvi) Sugar Machinery
- (xvii) Turbines & Generator Set
- (xviii) Transformers
- (xix) Textile Machinery

#### 1.4 CPSEs under the Department of Heavy Industry:

1.4.1 There are 31 CPSEs under the Department engaged in manufacturing, consultancy and contracting services.

1.4.2 The total investment (Gross Block) in the 22 operating out of 31 CPSEs under the Department was ₹10016.16 crore, as on 31.3.2019, as per details given at **Annexure-III**. The total number of employees in these CPSEs is 58741. The number of SC, ST, OBC & PWDs employees is 10920, 7314, 20122 & 1074 respectively as per details at **Annexure-IV**.

1.4.3 Out of the 22 operating CPSEs, 10 are making profit and the remaining 12 are incurring losses. However, on an aggregate basis, 22 CPSEs of DHI show a net profit before tax of ₹ 1606.84 crore in 2017-18.

The target for 2019-20 is as under:

(₹ in crore)

	2017-18 (Actual)	2018-19 (Anticipated)	2019-20 (Tentative Target)
Production	33526.15	36184.02	39720.24
Profit (+)/ Loss(-)	1606.84	1848.26	1184.05

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

1.4.4 The loss making enterprises suffer from

a number of factors including poor order book, shortage of working capital, surplus manpower and obsolete plant and machinery, difficulty to adjust to changing market products/technology/ competition, besides increase in the cost of inputs etc. Several of these loss making CPSEs have problems of large work force and huge overheads, far above the industry norms. In this context, salary/wage bill and social overheads as percentage of turnover are given at **Annexure-VII**.

1.4.5 As on 1.10.2018, the order book of CPSEs, under the Department stands at ₹125514.52 crore. (**Annexure -VIII**). Major exporting CPSE is BHEL, and details of export performance of CPSEs under DHI are given at Annexure-IX. Details of Government equity, net worth and accumulated profit / loss of these CPSEs are given at **Annexure X**. Dividend Paid by the CPSEs under the Department of Heavy Industry for the year 2017-18 are:

BHEL	₹805.00	crore
B&R	₹4.80	crore
BBJ	₹12.08	crore
REIL	₹ 1.54	crore

#### 1.5 Steps taken by DHI for revival/restructuring/Disinvestment/closure of CPSEs:

1.5.1 There are 31 CPSEs under the Department of Heavy Industry engaged in manufacturing, consultancy and contracting services. DHI has been undertaking appraisals of each loss making CPSE to assess the prospects of revival. As a part of this exercise, the loss making CPSEs having the potential of



turnaround are revived and those found chronically sick are disinvested or closed down after payment of due compensation to employees. Steps taken by DHI so far in this regard are as follows:

- 1.5.2 The Government, on 22.12.2015, approved closure of Tungabhadra Steel Products Ltd., Hospet, Karnataka by offering an attractive VRS/VSS for their employees and disposal of movable & immovable assets and liquidation of outstanding liabilities. All its employees have availed VRS and been relieved and disposal of movable assets has been completed. Disposal of Immovable assets is underway.
- 1.5.3 The Government, on 6<sup>th</sup> January, 2016 approved closure of HMT Watches Ltd., HMT Chinar Watches Ltd., and HMT Bearing Ltd. by offering attractive VRS/VSS package to their employees and disposal of their movable and immovable properties as per the Govt. Policy. Accordingly, the action for closure of these companies is in progress.
- 1.5.4 The Government, on 27<sup>th</sup> October, 2016 approved closure of Tractor Unit of HMT Ltd. at Pinjore by offering attractive VRS/VSS package to their employees.
- 1.5.5 The Government, on 28.09.2016, approved closure of Hindustan Cables Ltd. by offering attractive VRS/VSS package to their employees and disposal of their movable and immovable properties as per the Govt. Policy. Accordingly, the action for closure of the company is in progress.
- 1.5.6 The Government, on 30.11.2016, has approved closure of Kota Unit of

Instrumentation Ltd. and transfer of Palakkad Unit of Instrumentation Ltd. to Government of Kerala. In this connection, the Government has approved attractive VRS/VSS package at 2007 notional pay scale to employees of Kota Unit of Instrumentation Ltd. including payment of pending salary, statutory dues etc.

- 1.5.7 The Government, on 21<sup>st</sup> September, 2016 has approved the proposal for enabling Richardson & Cruddas Co, Ltd. to come out of the purview of Board for Industrial and Financial Reconstruction (BIFR). For this purpose, Government approved the conversion into equity of the Government of India loan of ₹101.78 crore given to the Company, along with the interest amounting to ₹424.81 crore accrued on this loan. The Government further approved in principle, the strategic disinvestment of Nagpur and Chennai units of this Company and shifting of operations from Mumbai land to other locations of Company. The Company's land at Mumbai is to be converted from lease hold to "Occupation Class II" in order its optimal utilization.
- 1.5.8 The Government, on 27<sup>th</sup> October, 2016 approved the following:
  - 100% disinvestment of Bridge & Roof Co. Ltd., Scooters India Ltd. and Bharat Pumps & Compressors Ltd.
  - Disinvestment of 100% shareholding of the concerned CPSE in Hindustan Newsprints Ltd. to strategic buyer through two stage auction process.
  - Units of Cement Corporation of India

to be disinvested where it is legally permissible to strategic buyer through two stage auction process.

- Merger of Engineering Projects (India) Ltd. with similarly placed CPSEs.

Necessary action for implementation of this decision dated 27<sup>th</sup> October, 2016 is underway in the Department.

## **1.6 Autonomy to CPSEs/Navratnas and Miniratnas**

BHEL is a Maharatna CPSE in the Department. Maharatna CPSEs have been provided greater autonomy in respect of capital expenditure, formation of strategic alliance, formulation of HRD policies etc. Besides BHEL, a Maharatna Company, seven CPSEs under DHI namely BPCL, B&R, EPI, HMT (I), HNL, HPC, and REIL have been categorized as Miniratnas. Miniratna CPSEs have also been empowered with certain enhanced delegation of powers.

## **1.7 Memorandum of Understanding (MOU)**

With a view to giving greater autonomy to the public sector enterprises and making them accountable for achieving their objectives, all the CPSEs under the Department signed MOUs with Government of India/ Holding companies for the year 2019-20.

## **1.8 National Automotive Testing and R&D Infrastructure Project (NATRIP)**

National Automotive Testing and R&D Infrastructure Project (NATRIP) is fully Government of India funded project for setting up of state of the art automotive testing, homologation and R&D

infrastructure facilities in India. The project aims at putting in place automotive testing infrastructure that will meet safety and emission regulation standard and also extend India's automotive R&D capabilities with the following objectives:

- a) Creating critically needed automotive testing infrastructure to enable the Government to usher in global vehicular safety, emission and performance standards;
- b) Deepening manufacturing in India, promoting larger value addition leading to significantly enhancing the employment potential/opportunities and facilitating convergence of India's strengths in IT and electronics with state-of-art automotive engineering;
- c) Enhancing India's low global outreach in this sector by de-bottlenecking exports; and
- d) Removing the absence of basic product testing, validation and development infrastructure for automotive industry.

### **1.8.1 Scheme for North Eastern Region (NPPC, CCI & AYCL)**

Under the Department of Heavy Industry, the following CPSEs/Units are situated in the North Eastern Region:-

- (i) Hindustan Paper Corporation Ltd. (HPC) (Nagaon&Cachar Paper Mills), Assam.
- (ii) Nagaland Pulp & Paper Company

Ltd. (NPPC), Nagaland.

- (iii) Cement Corporation of India Ltd. (CCI), (Bokajan Unit), Assam.
- (iv) Andrew Yule & Company Ltd. (AYCL), (Tea Gardens), Assam.

These CPSEs/Units are engaged in the manufacturing of Paper, Cement and Tea. As per the policy of the Government, 10% of the mandatory budget of the Department

is being allocated for the development of North Eastern Region.

### **1.9 Audit observations of Comptroller & Auditor General of India (CAG)**

As per the requirement stipulated by the CAG, a summary of important audit observations of CAG of India on the working of the Department of Heavy Industry is given in **Annexure-XI**.

This Department administers 31 Public Sector Enterprises (CPSEs). These CPSEs have played a vital role in the industrial development of the country. Ranging from heavy electrical engineering equipment, the CPSEs cater to diverse sectors of the economy including civil construction, heavy machinery, precision tools, consultancy, tea plantation etc. A brief write up on the CPSEs under the Department is given below.

### 2.1 Andrew Yule & Co Ltd. (AYCL)

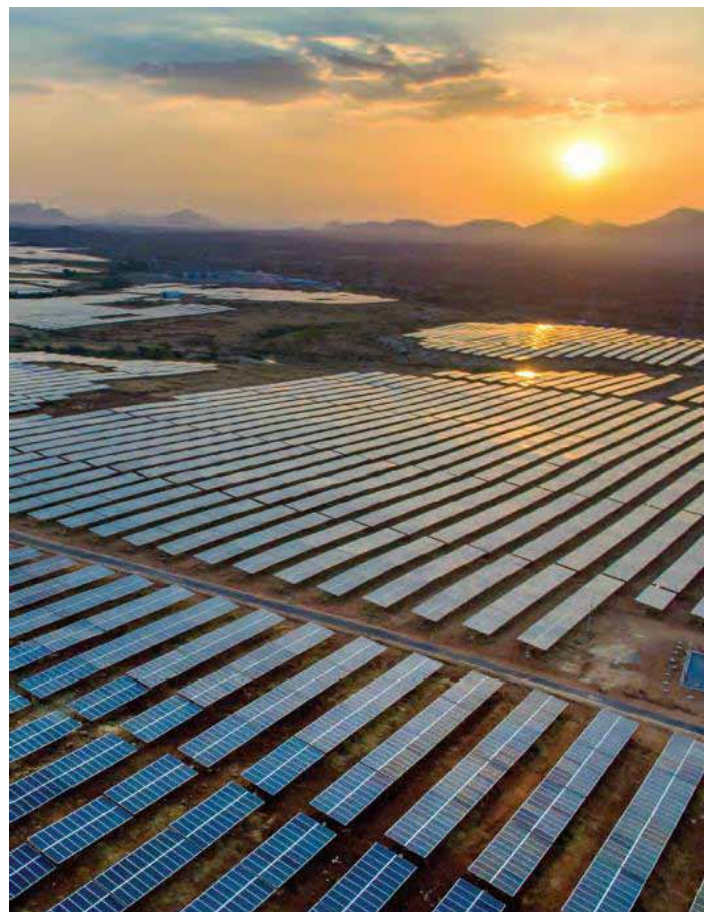
Andrew Yule & Co Ltd. (AYCL) has achieved production worth ₹300.32 (actual Unaudited) crore against the MoU target of ₹423.17 crore. Sales worth ₹305.65 (actual unaudited) crore against the target of ₹427.20 crore and Net Profit (PBT) of ₹(-) 5.68 (actual unaudited) crore against the MoU target of ₹8.72 crore upto March, 2019. AYCL has achieved 70.97% of the Production Target and 71.55% of the Sales Target up to the month of March, 2019. The order book position is ₹127.58 (actual unaudited) crore up to the month of March, 2019 against the target of ₹188.09 crore.

### 2.2 Hooghly Printing Company Ltd.

Hooghly Printing Company Ltd. (HPCL) is a wholly-owned Subsidiary of Andrew Yule & Co. Ltd (A Govt. of India Enterprise). The Committee of Secretaries (CoS) has recommended for the merger of HPCL with its holding company AYCL. The process of merger is likely to be completed in June, 2019.

### 2.3 Bharat Heavy Electricals Ltd. (BHEL)

BHEL is a celebration of India's industrial achievements. BHEL serves the core sectors of the economy and provides a wide range of solutions to customers in power, transmission, transportation, renewables, water, defence & aerospace, oil & gas, rail electrification, e mobility, energy storage and industry. BHEL has 16 manufacturing plants, 2 repair units, 4 regional offices, 8 service centres, 1 subsidiary, 3 active joint ventures, 15 regional



marketing centres, 3 overseas offices and current project execution at more than 150 project sites across India and abroad.

BHEL has a widespread overseas footprint in 83 countries, in all the six inhabited continents. Till date, BHEL has installed around 11 GW power generating capacity in overseas markets and an additional 6 GW is under execution.

## POWER SECTOR

BHEL is one of the few companies in the world having the capability to manufacture the entire range of power plant equipment with proven capabilities for executing thermal, gas, hydro and nuclear power projects. Offerings include:

- Boilers, Steam turbines and Generators for fossil-fuel applications up to 1000 MW unit size.
- Emission control equipment including Flue Gas Desulphurisation systems, high efficiency Electrostatic Precipitators and

Selective Catalytic Reduction systems.

- Gas turbines and generators up to 297 MW unit size.
- Hydro turbines and generators of up to 400 MW unit size.
- 220/235/540/550/700 MWe nuclear Turbine Generator sets, Steam Generator and Reactor Header.
- Plant performance improvement through renovation, modernization, uprating, residual life assessment, health diagnostics and life extension of plants.

## INDUSTRY SECTOR

BHEL is a leading manufacturer of a variety of systems & products for the core sectors of the economy. Major areas of operation and offerings include:

- **Transportation:** IGBT based propulsion equipment (traction converter/auxiliary



converter/Vehicle Control Unit), 25 kV AC locos, EMU coaches, electric locomotives up to 6000 HP and diesel electric locos up to 3000 HP.

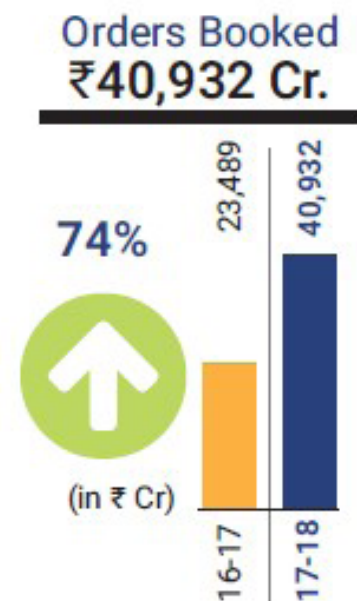
- **Transmission:** EHV & UHV Substations ranging from 132 kV to 765 kV & HVDC converter stations up to 800 kV, power transformers, shunt reactors, vacuum & SF6 switchgear, gas insulated switchgear, ceramic insulators, Flexible AC Transmission system devices etc.
- **Renewables:** EPC solutions from concept to commissioning for grid connected and standalone solar PV applications for all sizes of plants, space grade solar panels and space grade batteries.
- **Water:** Complete water management solutions for power plants, industries and municipal applications including Pre Treatment plants, Seawater Reverse Osmosis plants, Demineralization plants, Effluent Treatment plants, Sewage Treatment plants, Tertiary Treatment plants and Zero Liquid Discharge systems.
- **Defence & Aerospace:** Strategic equipment for Indian defence forces including Super Rapid Gun Mount & Integrated Platform Management System for naval ships, Heat exchangers for LCA, Turret castings for T72 tanks, castings for ships, simulators, Liquid Propellant tanks for satellites etc.
- **Captive Power projects:** Steam and Gas Turbine based Captive Power Plants.
- **Industrial products:** Range of industrial products including oil rigs, wellheads & Xmas tree valves, mechanical packages,

fabricated equipment & boiler feed pumps, compressors & AC machines.

BHEL is expanding its business and enhancing its portfolio in the field of solar, transportation, transmission, defence, aerospace, water businesses, energy storage solutions and other new growth areas for future business.

## PERFORMANCE HIGHLIGHTS

As a result of enhanced focus on increasing market share and diversification, BHEL secured orders worth ₹ 40,932 crore in 2017-18, a significant 74% rise over FY 2016-17. This comprises orders worth ₹ 33,342 crore in the power segment and ₹7,590 crore in the industry and overseas segments combined. BHEL ended the year with a total order book of over ₹ 1,18,000 crore, the highest in the last five years.



Turnover in FY 2017-18 was ₹ 27,850 crore.

Net profit (PAT) stood at ₹807 crore in FY 2017-18. A 63% jump. Total Comprehensive Income (TCI) for the year 2017-18 was ₹890 crore.

Bonus shares were allotted on October 3, 2017 in the ratio of 1:2 i.e. one equity share for two existing fully paid up equity shares. Consequently, the paid-up share capital of BHEL has increased from ₹489.52 crore in FY 2016-17 to ₹734.28 crore in FY 2017-18 by capitalization of reserves.

Dividend pay-out for FY 2017-18 is 100% of the profit after tax. In value terms, the total dividend paid for the financial year is ₹ 805 crores (inclusive of dividend tax).

BHEL has paid an interim dividend of 40% for FY 2018-19. In value terms, the dividend paid amounts to ₹ 279 crores.



total number of paid-up equity shares with a cash outflow of around ₹ 1628.29 crore to the shareholders. Post buyback the paid-up share capital of BHEL has reduced from ₹ 734.28 crores to ₹ 696.41 crores and the GOI shareholding got changed from 63.06% to 63.17%.

## MAJOR ORDERS RECEIVED

### POWER SECTOR DURING 2017-18

#### Project Orders

- Single largest power project order ever

placed in the country on International Competitive Bidding (ICB) basis for 3x800 MW Patratu STPP Ph-1 from PVUNL - a subsidiary of NTPC Ltd. in joint venture with Jharkhand BijliVitrان Nigam Limited.

- 2x660 MW Udangudi TPS
- 1x660 MW Bhusawal TPS

### DURING 2018-19

- Main Plant Turnkey Package for 1x660 MW Sagardighi Extn Unit 5 project secured from WBPDC against stiff competition.

- BHEL and NTPC entered into a Long Term Spares Supply Agreement (LTSSA) for supply of Boiler and Electrical spares.

### Spares & Services Business

- Order for renovation & retrofitting of ESPs from NTPC for Kahalgaon and Ramagundam TPPs.
- For the first time, BHEL and NTPC entered into a Long Term Spares Supply Agreement (LTSSA) for Turbine, Mills and C&I spares for NTPC projects.

## INDUSTRY SECTOR

### Transportation

#### During 17-18

- Order for supply and AMC of 30 nos. of 3-phase IGBT based WAG-9H electric locomotives from Railway Board- first order for locomotives in over a decade.
- Maiden order for supply of 146 sets of 25 kV AC IGBT based 3-phase electrics for Mainline EMU (MEMU) trains from RCF, Kapurthala.

#### During 18-19

- Maiden developmental orders in Rail Transportation Sector:
  - ✓ Upgradation kit for converting 6000HP Electric Locomotive to 9000HP electric locomotive.
  - ✓ Traction Alternators for 3000 HP DE locomotives for overseas project of Progress Rail Corporation, USA.

#### Transmission:

- EHV & UHV substations ranging from 132 kV to 765 kV & HVDC converter stations up to 800 kV, power transformers, shunt reactors, vacuum & SF6 switchgear, gas insulated switchgear, ceramic insulators, Flexible AC Transmission system devices etc.

### Renewable Energy

#### During 17-18

Total order booking of 162 MW (Both ground mounted and rooftop solar) in FY 2017-18.

#### During 18-19

- First commercial Floating Solar Power Plant order of 5MW at Sagardighi from WBPDC.

### Defence & Aerospace

#### During 17-18

- Order secured for Heat Exchangers for "Tejas" – India's indigenous LCA.

#### During 18-19

- Development order secured for Air to Air Heat Exchanger (AAHE) for Sukhoi Su-30MKI aircraft application received from HAL.

### Captive Power Plant

- Order for 75 MW GTG based captive power plant on lumpsum turnkey basis from HPCL for its Visakh Refinery Modernisation Project at Visakhapatnam, Andhra Pradesh.
- 15 MW GTG Cogen Plant from M/s ONGC Uran.
- 2x17.5 TPH HRSG from M/s GAIL Vijaypur.

### Industrial Products (including Oil & Gas and Electrical Machines)

#### During 17-18

- **Highest ever orders** in a financial year for wellheads (1,280 nos) and X-Mas tree valves (778 nos).

#### During 18-19

- 10 nos. 6MW, Squirrel Cage Induction Motors (SCIM) from M/s KSB Ltd, Pune for NPCIL, 2x700 MWe, Gorakhpur Haryana Anu Vidyut Pariyojana (GHAVP). This



is largest ever single order of HT motors bagged by BHEL.

## INTERNATIONAL BUSINESS

- Entry into new market segment by securing maiden order from Germany for motors from FIMA, Germany.

## Major Orders received in 2018-19

- **Largest ever Hydro Power Project in Nepal:** Amidst stiff competition, BHEL secured the prestigious order for 4 x 225 MW Arun-3 Hydroelectric Project which is the largest hydro power plant in Nepal.
- Orders have been received for products & after sales segments from Australia, Bangladesh, Belarus, Bhutan, Indonesia, Iraq, Japan, Jordan, Kazakhstan, New Caledonia, Oman, Senegal, Sri Lanka, Thailand & United Arab Emirates.

## PROJECT COMMISSIONING

### During 17-18

In 2017-18, 4,149 MW of power plant equipment was commissioned/synchronized including 3,488 MW Utility sets, 643 MW Captive/Industrial sets in India and 18 MW in overseas markets. In addition, 170 MW of Solar Photovoltaic (SPV) plants were commissioned including 163 MW Ground Mounted Solar and 7 MW Rooftop Solar.

### During 18-19

- Achieved capacity addition of 1x800 MW/ TSGENCO Kothagudem project within a record time of 48 months, creating a new benchmark of successfully commissioning an 800 MW thermal unit.

## RECOGNITION OF EXCELLENCE

### ACCOLADES in 2017-18

- Prime Minister's Shram Awards (27 numbers) to 42 BHEL employees including 4 ShramBhushan, 10 ShramVir/Virangna and 13 Shram Shree/Devi Awards
- Golden Peacock Innovation Management Award under the category of Large Enterprise - Engineering Sector.
- INAE Fellowship Award 2017 to CMD, BHEL for contribution in Engineering field by Indian National Academy of Engineering (INAE).

### ACCOLADES in 2018-19

- National Safety Awards: Among a host of public and private sector companies in the country, awarded six 'National Safety Awards' for outstanding achievements in terms of the longest accident free period and lowest accident frequency rate at their works.
- Clarivate Analytics India Innovation Awards 2018 for being among top 12 innovators in India.
- ICC PSE Excellence Awards (03 nos) for HR Excellence; R&D, Technology Development & Innovation and CSR & Sustainability.

## CAPABILITY BUILDING

- With a focus on productivity enhancement, BHEL has invested a sum of ₹ 249 crore during FY 2017-18 on modernization of the Company's assets and building enabling infrastructure for execution of projects.

- BHEL has entered into a technology collaboration agreement (TCA) with Kawasaki Heavy Industries for manufacturing of stainless steel metro coaches and bogies in India.
- Technology Transfer Agreement (TTA) was signed with ISRO/VSSC on March 22, 2018 for manufacture of space grade Lithium Ion cells.



*BHEL signs Technology Agreement with ISRO for manufacture of space grade lithium-ion cells*

- For offering state-of-the-art competitive air pollution control products, A Technology Collaboration Agreement (TCA) with Babcock Power Environmental Inc., USA (BPE) has been entered on September 21, 2018 for Selective Catalytic Reduction (SCR) Systems for De-NOx application.
- BHEL has successfully developed a state-of-the-art Regeneration System through in-house R&D efforts, for Indian Railways' fleet of conventional WAG7 electric locomotives.
- Indigenously developed the 50 kW DC fast charger for Electric Vehicles (EV) to address the emerging way side charging

infrastructure business. The developed charger has been tested successfully at ARAI, Pune as per Bharat Standard and OCPP 1.6 protocol.

- Advanced Ultra Supercritical (AUSC) R&D project for indigenous development of high efficiency low emission technology for future generation coal-fired power plants with IGCAR and NTPC with major funding from Govt. of India is in progress.

## HUMAN RESOURCE

- People Strategy Group has been formed with the objective to design and deliver major change programs that create step-change performance improvement, build capabilities, and strengthen organizational behaviour to renew and sustain exceptional performance of the employees.
- As a part of the MoU with Government of India for the financial year 2017-18, a company wide Manpower Audit was conducted.
- The HiPo scheme for identifying high potential young employees has been implemented for E3-E5 grades during 2015-16 to 2017-18. Around 700 employees in E3-E5 grades have been identified as HiPos during this period.

## CORPORATE GOVERNANCE

BHEL functions within a sound framework of Corporate Governance which underlines commitment to quality of governance, transparency disclosures, consistent stakeholders' value enhancement and corporate social responsibility.

## SOCIAL RESPONSIBILITIES

### Clean India

Under the Swachh Bharat and Clean Ganga initiatives, BHEL is providing financial support for installation of 25 clusters of bio-digester toilets near the banks of river Ganga in Haridwar and Rishikesh. 16 clusters at 10 locations have been made operational and the rest are in various stages of completion.



### 2.4 BHEL- Electrical Machines Limited

#### BHEL-EML

BHEL Electrical Machines Ltd. (BHEL EML) is a Joint Venture Company between BHEL and Govt. of Kerala, categorized as schedule 'C' CPSE. In this Company BHEL is holding 51% of the paid up equity capital and the balance 49% is held by Govt. of Kerala/KEL. BHEL EML is running in loss since its inception (2011-12) and therefore, Niti Aayog in its Report has recommended that the Government of India's stake be handed over to the state government.

Government of Kerala has agreed to take over the stake of BHEL held in BHEL EML. Process for handing/taking over the stake between BHEL and Government of Kerala is in the final stages.

### 2.5 Braithwaite, Burn & Jessop Construction Company Limited.

The Braithwaite Burn and Jessop Construction Co., Ltd. (BBJ) was incorporated on 26.01.1935 under the Indian Companies Act, 1913 contribution made by three major engineering companies of Eastern India namely, Braithwaite & Co. Ltd. (40%), Burn & Co. Ltd. (30%) and Jessop & Co. Ltd. (30%).

The company became a 'Government company' consequent upon transfer of its entire shares to its erstwhile holding company viz. Bharat BhariUdyog Nigam Ltd. (BBUNL), under the Companies Act, 1956 and became a wholly owned subsidiary of BBUNL w.e.f. 13.08.1987.

Consequent to the order of the Government of India that The Company (BBJ), as the transferor company, was merged with Bharat BhariUdyog Nigam Ltd., as the transferee company, w.e.f. 01.04.2015. Further, BBUNL was renamed as "The Braithwaite Burn and Jessop Construction Company Limited" (BBJ) w.e.f. 18.11.2015.

BBJ was not referred to BIFR. However, to make the company a viable enterprise on a sustainable basis, the financial restructuring proposal of BBJ was approved by the Government of India in July 2005. Since then, the company is continuously achieving Net Profit & positive Net Worth. From financial year 2009-10, BBJ wiped out its accumulated losses completely and paid dividend to its promoter viz. Govt. of India.

BBJ marked as "Dividend paying CPSE" by consistently paying Dividend to Govt. of India. Recently, BBJ paid dividend ₹12.09 crore (excluding Corporate Dividend Tax) @10% of its equity share capital of ₹120.86 crore as on 31.03.2018.

BBJ received the following awards:-

- BBJ received the “Turnaround CPSE” award from BRPSE in March 2011.
- “SKOCH Award” of Merit Certificate for India’s Best Projects-2014 on November, 2014 for the mega project "Rail-cum-Road Bridge” over river Ganga at Munger, in Bihar State.
- “UDYOG RATTAN AWARD” for EXCELLENCE from “Institute of Economic Studies (IES)”, Delhi in 2015.
- “The Economic Times Best Infrastructure Brands 2016” award from The Times of India Group in September, 2016 for various prestigious Bridge construction in India.
- “Utkrista Rajbhasha Shree” Shield in an “Official Language Conference” held under the auspices of Kendriya Sachivalaya Hindi Parishad, Delhi.
- "Raj Bhasha Puraskar" for 2016-17 under "Official Language Award Scheme" for excellent performance in implementation of the Official Language in the company from the the “Town Official Language Implementation Committee(PSUs)”, Kolkata under Ministry of Home Affairs, Department of Official Language, Government of India.
- “Raj Bhasha Puraskar” for 2017-18 under “Official Language Award Scheme” for excellent performance in implementation of the Official Language in the company from the “Town Official Language Implementation Committee (PSUs)”, Kolkata under Ministry of Home Affairs, Department of Official Language, Government of India.

- “Sarvotkrista Rajbhashashree Samman” in a Rajbhasha Sammelan (Conference)-2018 from the Hon’ble Governor of West Bengal for excellent performance in the field of official language implementation in BBJ during the year 2017-18.

## 2.6 Bharat Pumps & Compressors Ltd.

Bharat Pumps & Compressors Ltd. (BPCL) was incorporated in 1970 with manufacturing facility at Naini, Allahabad, U.P. The company is engaged in the manufacture and supply of heavy duty pumps & compressors, and high pressure seamless and CNG gas cylinder/ cascades to cater to the needs of sectors like oil exploration & exploitation, refineries, petro-chemicals, chemicals, fertilizer and downstream industries. The company is accredited with Integrated Management System Certification having ISO 9001-2000, ISO 14001:2004 and OHSAS 18001 – 2007. The company is also accredited with API 7K license for manufacturing Slush Pump Components.

BPCL was sanctioned a revival package in December, 2006. The company, which was earlier a BIFR- referred sick company, came out of the purview of BIFR in February, 2007 itself. During the next three years, BPCL performed well. However, in the year 2017-18, the company registered a net loss of ₹ 77.12 crore due to low order booking, slowdown in the economy, entry of foreign players, and growth of domestic manufacturers (these factors led to decline in sales).

## 2.7 Bridge & Roof Company (India) Ltd.

Bridge & Roof Co. (India) Ltd. (B&R) was set up in 1920 as a subsidiary of Balmer Lawrie & Company Limited. Subsequently, it became a Government Company in 1972 under the Ministry of Petroleum & Natural Gas. In June, 1986, the administrative

control of B&R was transferred to the Ministry of Heavy Industries and Public Enterprises and it was subsequently brought under the fold of the holding company, M/s. Bharat Yantra Nigam Limited (BYNL), Allahabad, in 1987. Consequent to the decision taken by Government of India, BYNL ceased to be the Holding Company of B&R from 06.05.2008 and B&R came directly under DHI. The Company capital restructuring and strengthening proposal was approved by GOI on 02.09.2005.

B&R is a premier construction and engineering company in the field of Civil and Mechanical Construction and Turnkey Projects in various sectors such as hydrocarbon, power, aluminium, steel, railways, etc.

The company has been making profits since 2007-08 and was awarded Miniratna category-I in 2010. B&R's performance during the last few years has been quite good. Turnover of the company during the year 2017-18 was ₹2055.99 crore with PBT of ₹32.41 crore. B&R paid a dividend of ₹4.87 crore to Government of India in November, 2018.

## **2.8 Richardson & Cruddas (1972) Ltd.**

Richardson & Cruddas (1972) Ltd. (R&C) was taken over from the private sector in 1973. The Company is a schedule C company and fully owned by the GOI. It has four operating units; two at Byculla and Mulund in Mumbai, one each at Nagpur and Chennai, and is engaged in the field of Fabrication & Erection of Steel Structures, Fabrication of Pressure Vessels, Boiler Drums, Hot Pressed Dished Ends, Transmission line towers, providing environmental engineering laboratory services and maintaining townships. The turnover for the year 2017-18 of the company stood at ₹16.99 crore with PBT of ₹16.46 crore. Union Cabinet approved the financial restructuring of the

company on 21.09.2016. The implementation of Cabinet decision is underway.

## **2.9 Triveni Structural Ltd**

Triveni Structural Ltd. (TSL), located at Naini, U.P. was incorporated in 1965. The company had facility for manufacture of heavy steel structural products, such as tall towers and masts for power transmission, communication and T.V broadcasting, hydro-mechanical equipment, pressure vessels etc. The company is sick and stands referred to BIFR. Pursuant to Allahabad High Court order dated 08.10.2013, company is under liquidation.

## **2.10 Tungabhadra Steel Products Ltd.**

The company was established at Hospet (Karnataka) in 1960 as a joint enterprise of the Government of India with Governments of Karnataka and Andhra Pradesh. The company has facilities for design manufacture and erection of hydraulic structures, penstocks, building structures, transmission line towers, EOT & gantry cranes etc. CCEA on 22.12.2015 approved the closure of the company. At present TSPL has closed its operations and all the employees have accepted the VRS & have been relieved.

## **2.11 Hindustan Cables Ltd.**

HCL was set up in 1952 at Rupnarainpur for the manufacture of underground telephone cables (Polythene Insulated Jelly Filled Cable and Optical Fibre Cable). Due to introduction of wireless technology, there was sharp reduction of business of the company. HCL Started making losses since 1995-96. As total net worth of the company eroded and HCL was referred to BIFR in Nov. 2002.

Union cabinet in their meeting dated 28.09.2016 directed to close the Company. Actions are being taken to implement the decision of the Cabinet.

## 2.12 Heavy Engineering Corporation Ltd.

HEC Ltd., Ranchi was incorporated on 31<sup>st</sup> December, 1958 with the primary objective of achieving self-sufficiency and self-reliance in the field of design and manufacture of equipment and machinery for iron and steel industry and other core sector industries like Mining, Metallurgical and Engineering Industries. It has three manufacturing units and one turnkey project division viz.:

- **Heavy Machine Building Plant (HMBP)**

This unit manufactures wide range of equipment for Steel Plants like Blast Furnaces and Rolling Mills etc., Material Handling Equipment like EOT Cranes and Wagon Tippers, etc., equipment for Mining industries like 5 & 10 CuM Excavators, Crushers, Drag Lines and Mine Winders etc. In addition, it also executes order of technological structurals from various sectors

- **Heavy Machine Tools Plant (HMTP)**

It manufactures complete range of Heavy Machine Tools including CNC Heavy Duty Machine Tools and Special Purpose Machine Tools required for Railways, Defence, Power and other sectors.

- **Foundry Forge Plant (FFP)**

It manufactures various types of Heavy & Medium Castings, Forging and Rolls for Power, Nuclear and other sector besides B.G. Crank Shaft for Railways. This unit also acts as a feeder unit for HMBP and HMTP.

- **Turnkey Project Division**

It undertakes turnkey projects in the areas

of Low Temperature Carbonisation Plants, Coal Handling Plants, Coal Washeries, Sintering Plants, Continuous Casting Plants and Raw Material Handling System etc.

Deteriorating health of equipment/facilities coupled with acute shortage of working capital has been badly affecting the performance since 2013-14. In addition, execution of old orders further affected the cost and company started incurring operating loss. Efforts like outsourcing also did not help due to issue of timely payment to vendors. Due to increase in material cost & other expenses including LD and provisions there has been increase in operating loss during 2018-19 as compared to 2017-18. Production and Turnover during the year 2018-19 had been ₹349.26 crore and ₹366.83 crore respectively against ₹393.38 crore and ₹399.08 crore respectively during 2017-18. Operating loss during 2018-19 has been ₹255.25 crore against ₹132.99 crore during 2017-18.

MOU target of the Company for the year 2018-19 in terms of Net Turnover and Net Profit is ₹618.01 crore and (-) ₹78.39 crore respectively.

A Committee of Experts headed by Dr. V.K. Saraswat, Member, NITI Aayog was set up by DHI on 26.07.2016 for appraisal of the Modernization Plan of HEC and viability of its business plan. The Committee of Experts has submitted their report which is under consideration of Govt. of India.

HEC has been making constant efforts to improve its technological base through

various technical tie-ups with Russia and European Companies.

### **2.13 HMT Ltd.**

HMT Limited, one of India's premier Engineering conglomerates was incorporated by the Government of India in the year 1953, with the objective of producing machine tools required for building an industrial edifice for the country and a manufacturing unit was established at Bangalore in collaboration with M/s Oerlikon of Switzerland. Over the years the Company diversified into manufacture of various products like Watches, Tractors, Printing Machines, Food Processing Machinery, Presses, Bearings etc and established manufacturing facilities for these products across the country, in places like Bangalore, Hyderabad, Ajmer, Kalamassery near Cochin, Pinjore near Chandigarh, Tumkur near Bangalore, Ranibagh near Nainital and Srinagar in Kashmir.

To meet the challenges of globalisation consequent to the initiation of New Economic Policies of the Indian Government and in keeping with contemporary business models, the Company was restructured in the year 2000 with the formation of subsidiaries based on its various business portfolios under the ambit of a holding company. HMT Limited (HMTL) became a Holding Company having six subsidiaries viz HMT Machine Tools Limited (HMTMT), HMT Watches Limited (HMTW), HMT Chinar Watches Limited (HMTCW), HMT Bearings Limited (HMTB), HMT (International) Limited (HMTI) and Praga

Tools Limited, while the Tractors Business and Food Processing Machinery business were managed directly.

Subsequently, Praga Tools Limited was merged with HMT Machine Tools Limited and further the CCEA approved closure of HMTW, HMTCW and HMTB in its meeting of 6th January 2016. During October 2016, the Union Cabinet also approved closure of the HMT Tractor Division (Closure process of these entities are in progress). Consequent to the above closure decisions, the Holding Company – HMT Limited now directly manages only the Food Processing Machinery Division at Aurangabad while HMT(I) and HMTMT are its two functional subsidiaries.

A brief profile of the Company & its operational subsidiaries is as below:

HMT Ltd., the holding company manages the Food Processing Machinery business directly. The Food processing machinery division is located at Aurangabad in Maharashtra and the unit manufactures a variety of machinery for Milk Processing and other food processing applications.

### **2.14 HMT Machine Tools Limited (HMT MTL)**

HMT Machine Tools Limited, a Technology-Driven Company, comprises of six manufacturing units and a centralised Marketing Division with corporate headquarters at Bangalore. The six manufacturing units are located at Bangalore (Karnataka), Pinjore (Haryana), Kalamassery (Kerala), Hyderabad (2 nos)

(Telangana) and Ajmer (Rajasthan) and the Marketing Division has a countrywide marketing and sales network to cater to the sales & service needs of the customers. HMTMT manufactures metal cutting & metal forming machines including printing machines and Die-casting & Moulding machines, catering to both domestic and export markets. The Company also provides services for reconditioning and refurbishing of machines of HMT as well as other makes. The Company has the distinction of supplying machines and equipment for special applications in Space, Atomic Energy & Defence Sectors, Railways, etc.

### **2.15 HMT (International) Limited (HMTI)**

Incorporated in 1974 as a wholly owned subsidiary of HMT Limited, HMT(I), a mini-ratna Company, is the export arm of HMT Group and also caters to import requirements of the Group. HMT (I) is regarded as one of the best export houses in the country with a global network of over 38 countries and it also sells products of other Indian Manufacturers, undertakes turnkey engineering projects and has made a niche for itself in the setting up of Vocational Training Centres, IT training Centres, SME Development Centres, Industrial Training Centres, Entrepreneur Training and Development Centres etc in various countries. Major thrust is given for implementation of Turnkey projects in the area of Tool Rooms and Training Centers.

### **2.16 Instrumentation Limited, Kota (ILK)**

Instrumentation Limited Kota (IL) was set up in 1964 as a fully government owned CPSE to cater to the growing control & Instrumentation (C&I) needs of the Core Industrial Sectors viz. Power, Steel, Oil Refinery etc. and help achieve self reliance in this field. The company has its Registered Office & Headquarters at Kota, Rajasthan and manufacturing plants at Kota for Digital Control System, Telecom Products, Railway Signaling products etc. and at Palakkad, Kerala for control Valves/Actuators. Both the manufacturing plants and accredited with ISO 901:2008 series certification. Instrumentation Limited was a sick unit and referred to BIFR in 1994. Looking into all the aspects (including revival, merger) DHI decided to initiate a proposal for recommending closure of IL Kota and to transfer IL Palakkad unit to Government of Kerala. The proposal was approved by Union Cabinet in their meeting dated 30.11.2016. After approval of the closure proposal ₹400.02 crores were provided in March 2017 to settle the liabilities towards VRS/VSS to employees of Kota unit, clearing pending dues to ex employees and fund of ₹164.14 crores was provided in July/August 2017.

Accordingly, Kota unit of IL was closed and all employees relieved on 18.04.2017. For the transfer of the Palakkad unit of IL to GOK, a tripartite MoU has been signed on 16.11.2018 between Government of India, Government of Kerala and IL.



## 2.17 Rajasthan Electronics & Instruments Ltd. (REIL)

The Rajasthan Electronics and Instruments Limited, Jaipur (REIL) was set up in 1981 as Joint Venture of Government of India through Instrumentation Limited Kota (ILK) and Government of Rajasthan through Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) with 51% and 49% ownership respectively to undertake development manufacturing and deployment of technology/software in the area of Dairy Electronics, Renewable Energy (Solar Photovoltaic) and information technology.

REIL is a Schedule C, Mini Ratna and ISO 9001 & ISO 14001 certified Central Public Sector Enterprises in Medium Engineering sector under the administrative control, of Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India with its registered office at Jaipur.

Pursuant to the approval of the Government of India in February, 2016 REIL, has been delinked from ILK by transferring the entire shareholding to the President of India thus making it an independent Central Public Sector Enterprise.

REIL addresses energy needs of the rural sector through Solar Photo Voltaic, \ milk testing and quality relates needs of the milk cooperative and dairy industry and automation solution and information Technology & Communication application

for e-governance, dairy vertical, small business and Government Sectors. The focus is on *Shaping Rural India through Electronics, Renewable Energy & IT Solutions*. The recent addition is to setup EV Charging infrastructure to promote mobility under FAME Scheme of Govt.

The company has aligned its business activities towards the National missions of the Government such as National Solar Mission, National Dairy Plan, Make in India, Skill India, FAME India and Digital India etc.

## 2.18 Scooters India Ltd. (SIL)

Scooters India Limited, Lucknow set up in 1972 with a second hand plant bought from M/s. Innocenti of Italy, is engaged in manufacturing and marketing of three wheelers.

SIL was declared as a sick company on 11<sup>th</sup> August, 1992 and came under the purview of Board for Industrial and Financial Reconstruction (BIFR). A revival proposal was approved by the Cabinet in their meeting held on 31.01.2013. The Hon'ble bench of BIFR, New Delhi during their hearing held on 15<sup>th</sup> Sep, 2015 noted that the net worth of SIL, Lucknow had become positive by substantial amount as per the Audited Balance Sheets as on 31.03.2013 and 31.03. 2014, and therefore it did not remain a sick industrial company in terms of Section 3(1)(0) of SICA and accordingly SIL was discharged the company from the purview of SICA.

## The performance of Scooters India Limited (SIL) from 2012-13 to 2018-19 is as follows:

(₹ in crore)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Sales	209.82	193.66	167.72	152.04	108.55	50.55	*63.86
Profit/(loss)	(6.00)	13.60	11.09	5.48	(10.28)	(18.62)	*(4.00)

\*Un – Audited Figures (May change after audit)

The Cabinet Committee on Economic Affairs in their meeting held on 27.10.2016 approved the disinvestment of 100% shareholding of Government of India in Scooter India Limited (SIL). Accordingly the process of strategic disinvestment has been set in motion with invitation of Expression of Interest (Eoi) from likely bidders.

The following proposals relating to the restructuring of balance sheet of Scooters India Limited (SIL) have been approved by CCEA on 23.05.2018:

- i) Approval for reduction of equity of ₹85.21 crore in the share capital of SIL held by Government of India against accumulated losses. The reduction would be deemed to have taken effect as on 31.03.2013.
- ii) Approval for freezing the interest on the Non-plan loan of ₹1.89 crore released to SIL during 2012-13 from the date of its release to the company.
- iii) Approval for conversion into equity of the outstanding principal amount of ₹189 crore.

### 2.19 Cement Corporation of India Ltd. (CCIL)

Cement Corporation of India Ltd. (CCI) was established in 1965 with the principal

objective of setting up cement factories in the public sector to achieve self-sufficiency in cement production and to remove regional imbalance. It has units spread over 7 States/ Union Territories, located at Mandhar and Akaltara in Chhatisgarh; Nayagaon in Madhya Pradesh; Kurkunta in Karnataka; Bokajan in Assam; Rajban in Himachal Pradesh; Adilabad and Tandur in Telangana; CharkhiDadri in Haryana. The Company became sick and was referred and registered with BIFR as a sick company in 1996. A revival package for CCI was approved in 2006 with expansion/ up gradation and modernization of three operating plants i.e. Rajban in Himachal Pradesh, Bokajan in Assam and Tandur in Telangana and closure/sale of 7 non-operating plants.

As approved by the Government, the disinvestment process has been initiated for Nayagaon unit of CCI.

### 2.20 Hindustan Paper Corporation Ltd. (HPCL)

HPC was incorporated on 29.05.1970 as a wholly owned Govt. of India enterprise with an objective to establish new pulp and paper and newsprint mills in India. HPC has three subsidiaries and two major integrated pulp and paper mills under its management

and control in Assam. These are (i) Hindustan Newsprint Limited (Upgraded from Schedule 'C' to 'B' w.e.f. 3.1.2007), (ii) Nagaland Pulp and Paper Co. Ltd. (NPPC Ltd.), Nagaland and (iii) Jagdispur Mills Ltd. HPC has two units namely Nagaon Paper Mills (NPM) and Cacher Paper Mills (CPM).

The National Company Law Tribunal (NCLT) has initiated Corporate Insolvency and Resolution Process (CIRP) against HPC under Insolvency and Bankruptcy Code 2016.

### **2.21 Hindustan Newsprint (HNL)**

Hindustan Newsprint Limited (HNL), a wholly owned subsidiary of Hindustan Paper Corporation Limited (HPC) was incorporated on June 7, 1983 with the main objective of taking over the business of erstwhile Kerala Newsprint Project (KNP), a unit of HPC. The Registered Office of HNL is at Newsprint Nagar, District Kottayam, Kerala. It is located at Newsprint Nagar, Dist. Kottayam, Kerala and has an installed capacity of 1,00,000 ton per annum (TPA) of newsprint. The Cabinet Committee on Economic Affairs (CCEA) in its meeting on 27.10.2016 decided for strategic disinvestment of HNL. The core competence of HNL lies in its highly skilled technical manpower, which is rated as the best in the domestic newsprint industry. HNL produces standard Newsprint grades of 42GSM, 45 GSM and 48.8 GSM of quality, which is at par with the best available in the market.

The parent company of HNL i.e. Hindustan Paper Corporation (HPC) is undergoing

NCLT proceedings under Insolvency and Bankruptcy Code 2016. Further the operations of HNL stand suspended since 01.01.2019 due to various reasons.

### **2.22 Nagaland Pulp & Paper Company Ltd. (NPPC)**

Nagaland Pulp & Paper Company Limited (NPPC) was incorporated in September 14, 1971 at Tuli, District Mokokchung, Nagaland as a joint venture Company of Government of Nagaland and Hindustan Paper Corporation Limited (HPC), a Govt. of India Enterprise under the administrative control of DHI, Ministry of HI&PE. The commercial production of the Mill started on July 01, 1982 but subsequently owing to non-availability of grid power from Govt. of Nagaland (GON), poor performance of power boiler and lower capacity utilization due to non-operational reed pulping street, the Company started making losses continuously and the mill operation was suspended from October 01, 1992.

The parent company of NPPC i.e. Hindustan Paper Corporation (HPC) is undergoing NCLT proceedings under Insolvency and Bankruptcy Code 2016.

### **2.23 Nepa Limited**

NEPA Limited, Napanagar, Madhya Pradesh was incorporated as a private enterprise on 26<sup>th</sup> January 1947 by M/s Nair Press Syndicate Limited under the name of "The National Newsprint and Paper Mills Limited" for production of newsprint. Government of India (GOI) took over the controlling interest of the company in 1958. GoI holds 97.82% equity shares in

the capital of Nepa Limited. The name of the Company was subsequently changed to Nepa Limited in February 1989. The company holds a license for the production of newsprint and writing and printing paper. The Nepa Limited has an installed capacity of 88,000 TPA.

The company was referred to Board for Industrial and Financial Reconstruction (BIFR) in 1998 as its net worth had completely eroded by accumulated losses as per annual results of 31<sup>st</sup> March, 1997. The production of the company stands suspended since July, 2016.

The company is currently undergoing a revival and modernization plan approved by Cabinet.

#### **2.24 Hindustan Photo Films Manufacturing Co. Ltd. (HPF)**

HPF was incorporated on 30th November, 1960 with the aim to make the country self-reliant in the field of photo sensitive products. The Company commenced commercial production in 1967. The company started incurring continuous losses since 1992-93. On its Net Worth becoming negative on 31.03.1994, the company was referred to BIFR in 1995.

The Hon'ble High Court of Madras in its order dated 29.08.2016 accepted the winding up of the Company. The Official Liquidator (OL) is yet to be appointed by the Hon'ble High Court.

#### **2.25 Hindustan Salts Ltd. (HSL)**

Hindustan Salts limited (HSL) was

incorporated on 12.04.1958 as a company fully owned by the Government of India. The company is presently engaged in the production of Salt, Bromine and Magnesium, Chloride. HSL has two units at Kharaghoda, Gujarat and Mandi, Himachal Pradesh.

#### **2.26 Sambhar Salts Ltd. (SSL)**

Sambhar Salts Ltd. (SSL) is a subsidiary of Hindustan Salts Ltd. (HSL) was incorporated on 30.09.1964 under the Companies Act, 1956 with an objective to take over the salt Works at Sambhar Lake Area, which were then owned and managed by HSL. HSL holds 60% shares in the SSL and remaining 40% shares are held by the Government of Rajasthan. It is engaged in production and sale of edible and industrial salt through its operating unit at Sambhar Lake works in Rajasthan. The Company also has a Salt Refinery at Nawa with production capacity of 1 lakh MT.

#### **2.27 Engineering Projects (India) Ltd. (EPIL)**

Engineering Projects (India) Ltd. (EPI) was incorporated in the year 1970 with the main objective to undertake turnkey projects and consultancy services in India and abroad. EPI is the first Indian Company to undertake large civil and industrial projects abroad. EPI is a profit making, dividend paying Mini Ratna Category –II Central Public Sector Enterprise in Industrial Development and Technical Consultancy Services sector under the administrative control of the Ministry of Heavy Industries & Public Enterprises with 100% shareholding by the Government of India and PSUs. EPI has pan-

India presence having its Regional/Zonal Offices at different geographical locations viz. New Delhi, Mumbai, Kolkata, Chennai, Guwahati, Hyderabad to undertake its operations across India besides projects sites spread all over the country as well as in Oman and Sri Lanka.

As on 31.3.2019, EPI has completed 569 projects in India and 31 projects abroad.

### Major achievements

- EPI achieved a turnover of ₹1607.41 crores during the financial year 2017-18, which is 7.16 % higher over the target of ₹1500 crores.

### Order Booking

- During the Financial year 2017-18, a JV of EPI – C&C secured a Major Road Projects of ₹607 crores. (considering EPI's 40% of Share) in Myanmar.

### Project inaugurated/completed

- The Company has completed following major projects during the year:
  - i) Surface Water Development in Chilaw & Puttalam Dry Zone Urban Water & Sanitation Project (Sri Lanka) valuing ₹29.82 crores.
  - ii) Construction of Multipurpose Cyclone Shelters at 20 locations in North 24 Parganas and 15 locations in Purba Medinipur Distt. of West Bengal, Kolkata valuing ₹90.91 crores.
  - iii) Construction of Modern Food Storage Godown of 5000 MT capacity each along with it's ancillary structures

in different districts of West Bengal under RIDF-XVIII valuing ₹50.35 crores.

- iv) Construction of Partially Completed Building Innovation Park of Centre for Development of Advance Computing (CDAC), Pune Campus, Pune, Maharashtra valuing ₹51.41 crores.
- v) Civil, Electrical and other Utility Services for Construction of Hangars, Utility Buildings and Allied Facilities for package - Civil II (Rotable) in Factory Excluding Pre-engineered Building Structures (PEB) Nasik, Maharashtra valuing ₹42.20 crores.
- vi) Construction of various Building Complexes for Tripura State Electricity Corporation Ltd., Agartala valuing ₹20.67 crores.
- vii) Construction of 32 nos. Type-II Qtrs. & 16 nos. Type-IV Qtrs. for Assam Rifles at Dwarka, New Delhi valuing ₹14.14 crores.
- viii) Face Lifting and Renovation of Hostels A, B, D, E & F of existing Campus of NIT, Raipur valuing ₹11.44 crores.
- ix) Construction of 02 nos. 120 Barracks and 32 nos. Type-II & 16 nos. Type-III Quarters at 29<sup>th</sup> Battalion, ITBP, Jabalpur (M.P.) total valuing ₹19.37 crores.
- x) Extension of existing Auction Platform in Chennai Harbour by Reclamation and Construction of Block Wall, Chennai valuing ₹5 crores.

## 3.1. Heavy Engineering and Machine Tool Sector

3.1.1 The Heavy Engineering and Machine Tool sector is a part of the Capital Goods sector. The sector comprises of plant and machinery, equipment / accessories required for manufacture / production, either directly or indirectly, of goods or rendering services required for replacement, modernization, technological upgradation and expansion. It also includes packaging machinery and refrigeration equipment.

### 3.1.2 The Heavy Engineering and Machine Tool sector consists of the following sub-sectors:

- i) Machine Tools
- ii) Dies, Moulds and Press Tools
- iii) Plastic Machinery
- iv) Earthmoving and Mining Machinery
- v) Metallurgical Machinery
- vi) Textile Machinery
- vii) Process Plant Equipment
- viii) Printing Machinery
- ix) Food Processing Machinery

3.1.3 As per the 2016 estimate, the Capital Goods industry contributes about 12% to the total manufacturing activity in India

which translates to about 2% of GDP. This sector is crucial for the development of the country's economy for the following two important reasons:

- a) Capital Goods are considered as a strategic sector and essential for the development of domestic manufacturing capabilities from a national self-reliance and security perspective.
- b) Capital Goods sector through a multiplier effect has a strong bearing on the growth of the user industries as it provides critical inputs, i.e. machinery and equipment for the entire manufacturing sector and other related sectors.

### 3.1.4 The Policy environment for the heavy engineering and machine tool sector is liberal and can briefly be detailed as follows:

- a) No industrial license is required for the sector;
- b) FDI up to 100% permitted on automatic route (through RBI);
- c) Quantum of payment for technology transfer, design and drawing, royalty, etc. to the foreign collaborator has no limit and

- d) Imports and exports are allowed freely.

### 3.2. Overview of the Sub-Sectors

A brief status of the sub-sectors is detailed below, the data relating to production, exports and imports is placed at after para 3.2.7.2:

#### 3.2.1 Machine Tools

3.2.1.1 The Machine Tool industry is considered as the mother industry as it supplies machinery for the entire manufacturing sector. Out of the 800 manufacturers of machine tools which are mostly SMEs, 25 units are mid-sized manufacturers which have an annual turnover varying between ₹300-500 crore. Types of machine tools currently manufactured are general/special purpose machines, standard Computer Numerical Control (CNC) machines, gear cutting, grinding, medium size machines, electrical discharge machining (EDM), presses, press brakes, pipe bending, rolling, bending machines, etc.

3.2.1.2 The current market size or market demand of the machine tools sub-sector is ₹14,699 crores. The sub-sector has recorded a positive growth, production stood at ₹7,294 crores in the year 2017-18 and has recorded a growth of 25.6% as compared to the production during the year 2016-17. Imports constitutes 52.7% of the total demand and 4.8% of the total production is exported.

#### 3.2.2 Dies, Moulds and Press tools

3.2.2.1 The Indian toolroom industry consists of more than 500 commercial tool makers

engaged in design, development and manufacturing of tooling in the country. In addition to commercial tool makers, several Government toolrooms cum training centers are also operating. The key toolroom locations are Mumbai, Bengaluru, Chennai, Pune, Hyderabad and Delhi NCR.

3.2.2.2 The sub-sector has recorded a positive growth, production stood at ₹16,068 crores in the year 2017-18 has increased by 8.9% compared to the production during the year 2016-17. Imports constitute 8.5% of the total demand and 9.9% of the total production is exported.

#### 3.2.3 Plastic Processing Machinery

3.2.3.1 There are 11 major manufacturers and about 200 small and medium manufacturers of plastic machinery. The main plastic machines being manufactured are injection moulding machines, blow moulding machines and extrusion moulding machines. Product technologies are at par with the leading brands of the developed world. The global leading manufacturers/ technologies have manufacturing presence in India through wholly owned subsidiaries or technology license arrangements.

3.2.3.2 The current market size for the plastic machinery sub-sector is ₹4,875 crores. The sub-sector has recorded a positive growth, production stood at ₹3,375 crores. during the year 2017-18 and has recorded a growth of 12.5% as compared to the production during the year 2016-17. Imports constitute 53.3% of the total demand and 32.5% of the total production is exported.

#### 3.2.4 Earthmoving, Construction and Mining Machinery

3.2.4.1 There are about 40 large and global

manufacturers and nearly 200 small and medium manufacturers of earthmoving and mining machinery are present in India. The product range comprises of backhoe loaders, compactors, mobile cranes, pavers, batching plants, crawler crane, transit mixer, concrete pump, tower cranes, hydraulic excavators, dumpers, mining shovel, walking draglines, dozers, wheel loaders, graders, drilling equipment, tunneling machine, etc.

3.2.4.2 The current market size of the earthmoving and mining machinery sub-sector is ₹39,088 crores. The sub-sector has recorded a positive growth, production stood at ₹32,400 crores during the year 2017-18 and has grown by 14.8% from the previous year 2016-17. Imports constitute 41.1% of the total demand and 28.9% of the total production is exported.

### 3.2.5 Textile Machinery

3.2.5.1 There are 1,446 units engaged in the manufacture of textile machinery in the country and 80% of them are small and medium manufacturers. Major textile machineries include weaving machines, spinning machines, winding machines, processing machines, synthetic fiber machines etc.

3.2.5.2 The current market size of the textile machinery sub-sector is ₹14,648 crores. The sub-sector recorded a positive growth rate, production stood at ₹6,900 crores during the year 2017-18 has grown by 3.7% from the previous year 2016-17. Imports constitute 72.9% of the demand and 42.5% of the total production is exported.

### 3.2.6 Printing Machinery

3.2.6.1 There are over 500 units engaged in the manufacturer of Printing machinery out of which 95% are small and medium manufacturers. Major printing machine manufactured locally are web offset printing machines, UV coating curing machine, flexographic printing machine, screen printing machines, wire stitching machine, lamination machine, etc.

3.2.6.2 The current market size of the printing machinery sub-sector is ₹ 22,103 crores. Imports constitute 37.6% of the total demand and 8.2% of the total production is exported.

### 3.2.7 Food Processing Machinery

3.2.7.1 There are over 2,500 units engaged in the manufacture of food processing machinery out of which 85% are small and medium manufacturers. Major food processing machinery manufactured in India are peelers, sorters, graders, pulpers, grinders, mixers, cookers, fryers, dryers, pulverizer, soya milk machine, food grain and coffee miller, bakery machinery, forming-filling-sealing machine, milking and dairy machine, juicing line, etc.

3.2.7.2 The current market size of the food processing machinery sub-sector is ₹16,940 crores. The sub-sector has recorded a positive, production stood at ₹15,600 crores during the year 2017-18 and has grown by 2.3% as compared to the production during the year 2016-17. Imports constitute 23.0% **of the total demand and 16.4% of the total production is exported.**



## Production, Import and Export Statistics

The production, import and export data for the sub-sectors is detailed as under:

### a) Production data

(₹ in crore)

S No	Sub sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	4-year CAGR
<b>MACHINE TOOLS</b>												
1	Machine Tools	1424	1656	2416	4299	3885	3481	4230	4726	5803	7294	20.31%
2	Dies, Moulds and Press Tools	11058	11080	12485	13421	12789	13793	14647	15000	14750	16068	3.89%
<b>HEAVY ENGINEERING SECTOR</b>												
3	Textile Machinery	4063	4245	6150	5280	5650	6775	6960	6580	6650	6900	0.46%
4	Printing Machinery	na	na	6976	8439	10825	16069	15748	16916	16424	15016	-1.68%
5	Earthmoving and Mining Machinery	na	na	na	17945	16873	18099	18300	19662	28207	32400	15.67%
6	Plastic Machinery	na	na	na	na	na	2150	2500	2700	3000	3375	11.93%
7	Food Processing Machinery	na	na	na	na	na	14703	10995	13206	15246	15600	1.49%

Source: Capital Goods Industry Associations viz. (i) IMTMA (ii) TAGMA (iii) TMMA (iv) IPAMA (v) ICEMA (vi) PMMAI (vii) AFTPAL

Note: The base year for CAGR is 2013-14

na: data not available / not received from Capital Goods Industry Associations.

### b) Import Data

(₹ in crore)

S No	Sub sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	4-year CAGR
<b>MACHINE TOOLS</b>												
1	Machine Tools	6271	4842	6703	7645	7598	4672	5318	5946	6173	7759	13.52%
2	Dies, Moulds and Press Tools	3323	3755	4150	4728	3431	3081	3322	2800	1200	1350	-18.6%
<b>HEAVY ENGINEERING SECTOR</b>												
3	Textile Machinery	4411	4357	5315	7643	7599	8562	8858	10305	10098	10687	5.70%
4	Printing Machinery	na	na	3347	3801	4869	6082	6381	7051	7035	8322	8.15%
5	Earthmoving and Mining Machinery	na	na	10143	13531	12937	12679	12050	12855	14508	16068	6.10%
6	Plastic Machinery	na	na	na	na	na	1400	1700	2000	2300	2600	16.74%
7	Food Processing Machinery	na	na	na	na	na	3188	3376	3777	3686	3900	5.17%

Source: Capital Goods Industry Associations viz. (i) IMTMA (ii) TAGMA (iii) TMMA (iv) IPAMA (v) PMMAI (vi) AFTPAL (vii) Import Export Data Bank (DoC website) for Earthmoving Machinery.

Note: The base year for CAGR is 2013-14.

na: data not available / not received from Capital Goods Industry Associations

### c) Export Data

(₹ in crore)

S No	Sub sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	4 year CAGR
<b>MACHINE TOOLS</b>												
1	Machine Tools	89	81	91	180	214	247	281	296	361	354	9.41%
2	Dies, Moulds and Press Tools	3996	3100	3410	2899	2590	2694	2869	2300	1700	1600	-12.2%
<b>HEAVY ENGINEERING SECTOR</b>												
3	Textile Machinery	661	556	883	1523	1512	2277	2466	2351	2438	2939	6.59%
4	Printing Machinery	na	na	397	391	417	1421	1255	1366	1332	1235	-3.45%
5	Earthmoving and Mining Machinery	na	na	3545	4506	5636	6465	7380	7632	7778	9380	9.75%
6	Plastic Machinery	na	na	na	na	na	500	600	700	900	1100	21.79%
7	Food Processing Machinery	na	na	na	na	na	2262	2199	2201	2178	2560	3.14%

**Source:** Capital Goods Industry Associations viz. (i) IMTMA (ii) TAGMA (iii) TMMA (iv) IPAMA (v) PMMAI (vi) AFTPAI (vii) Import Export Data Bank DoC website for Earthmoving Machinery.

**Note:** The base year for CAGR is 2013-14.

na: data not available / not received from Capital Goods Industry Associations.

### 3.3. Schemes and Policy Interventions

#### Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector

The Government of India through the Department of Heavy Industry has launched a scheme for “Enhancement of Competitiveness in the Indian Capital Goods Sector” in November 2014. The objective of the Scheme is to address the constraints faced by the sector. Under the Scheme financial assistance is provided for setting up of Centres of Excellence (CoE) for research and development at reputed universities/R&D Institutes by collaborating with industry, research institutes and the Government. The scheme also provides financial assistance for technology transfer

under Technology Acquisition Fund Program (TAFP) to capital goods manufacturing units. Besides, the scheme provides financial assistance for creating common Industrial Integrated Infrastructure Facility (IIIF) such as machine tool industrial parks and Common Engineering Facility Centres (CEFC) and Test & Certification Centres (T&CC) for earthmoving, construction and mining machinery.

#### 3.3.1 Centres of Excellence (CoE) for Technology Development

3.3.1.1 Under the Scheme, grants are given for setting up Centres of Excellence (CoE) for technology development at reputed academic and research institutions. Central assistance is given by way of one-time grant-in-aid not exceeding 80% of the

project cost subject to a maximum of ₹100 crores for each CoE. The balance 20% is required to be invested by the Industry and participating organizations.

3.3.1.2 So far eight CoEs have been approved which are involved in the development of 27 import substitution machines and technologies. These technologies once commercialized will reduce import dependence and will enhance the technology generating capacity of India's capital goods sector. These CoEs are being developed in collaboration with industry partners at:

- (i) Central Manufacturing Technology Institute (CMTI), Bengaluru
- (ii) IIT Madras
- (iii) PSG College of Technology, Coimbatore
- (iv) Si'Tarc, Coimbatore
- (v) IIT Kharagpur
- (vi) M/s Heavy Engineering Corporation (HEC), Ranchi
- (vii) IISc Bengaluru
- (viii) IIT Delhi.

### 3.3.2 Common Engineering Facility Centre (CEFC)

3.3.2.1 Common Engineering Facility Centres (CEFC) under the scheme would enable Machinery manufacturers to create infrastructure facility such as common precision machining, heat treatment, quality control, skill infrastructure design and other such common facilities required

of industrial clusters level in the region. Central assistance is given by way of a one-time grant-in-aid not exceeding 80% of the project cost for setting up of Common Engineering Facility Centres and balance 20% is required to be invested by the Special Purpose Vehicle.

3.3.2.2 Ten such CEFCs have been approved as detailed below:

- (i) CEFC for tools, dies and moulds industry by TAGMA Centre of Excellence and Training (TCET)
- (ii) Training & Skill Development Centre at HMT Machine Tool, Bengaluru
- (iii) CEFC Pratham Foundation, Ranchi
- (iv) CEFC at Bardoli, Surat for Textile Engineering by Science and Engineering Technology Upliftment (SETU) Foundation
- (v) Industry 4.0 Demo-cum-Experience Centre at Pune by Samarth Udyog Technology Forum (SUTF)
- (vi) Industry 4.0 Demo-cum-Experience Centre at IIT Delhi by IITD-AIA Foundation for Smart Manufacturing (IAFSM)
- (vii) Industry 4.0 Demo-cum-Experience Centre at IISc Bengaluru
- (viii) Industry 4.0 Demo-cum-Experience Centre at CMTI, Bengaluru
- (ix) Design and Training Centre for Steel Plant Equipment at Bahadurgarh (Haryana) by Korus
- (x) Modernization of Precision Metrology Lab at CMTI, Bengaluru.

### 3.4 Integrated Industrial Infrastructure Facility (IIIF)

Under the Integrated Industrial Infrastructure Facility (IIIF) component, the Tumakuru Machine Tool Park with an area of about 540 acres is being set up in Karnataka. The park is being implemented by an SPV formed by the Karnataka Industrial Areas Development Board (KIADB), Govt. of Karnataka and the Department of Heavy Industry, Government of India at an estimated cost of approximately ₹500 crores. This machine tool park shall provide the infrastructure for setting up about 150 machine tool manufacturing units and shall facilitate locating the component and machinery manufacturers at one place. This park thus aims to make the sector cost effective, encourage the manufacture of hi-tech machine tools, enhance export capability and attract more investment.

### 3.5 Technology Acquisition Fund Programme (TAFP)

The Technology Acquisition Fund Programme (TAFP) helps capital goods

industry to acquire and assimilate specific technologies readily available for acquisition. Under TAFP capital goods sector units are supported by way of a grant of up to 25% of the cost of technology acquisition of each technology with a ceiling of ₹10 crore. Under TAFP 5 projects have been approved pertaining to CNC Lathe technologies, Titanium Castings, High Voltage Cables and Laser Cladding of hydro-turbine blades.

## 4. National Capital Goods Policy, 2016

The Government of India has announced the National Capital Goods Policy in May 2016. This was first ever policy for Capital Goods sector under 'Make in India'. The policy aims to facilitate improvement in technology depth across sub-sectors, increase skill availability, ensure mandatory standards and promote growth and capacity building of MSMEs. The policy will help in realizing the vision of 'Building India as the World class hub for Capital Goods'. It will also play a pivotal role in overall manufacturing as the pillar of strength to the vision of 'Make in India'.

## 4.1. Overview of the Automotive Industry:

Automotive Industry globally is one of the largest industries and is a key driver of economy. Owing to its deep forward and backward linkages with several key segments of industry, automotive industry has a strong multiplier effect on the economy. The well-developed Indian automotive industry of India ably fulfils this catalytic role by producing a wide variety of vehicles such as passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles, scooters, motor-cycles, mopeds, three wheelers, etc.

**4.1.1** Automobile Industry was delicensed in July 1991 with the announcement of the New Industrial Policy. The passenger car was however delicensed in 1993. The norms for foreign investment and import of technology have also been progressively liberalized over the years for vehicles manufacturer including passenger cars in order to make this sector globally competitive. At present 100% Foreign Direct Investment (FDI) is permissible under automatic route in this sector including passenger car segment. With the gradual liberalization of the automobile sector since 1991, the number of manufacturing facilities in India has grown progressively.

**4.1.2** Indian Automobile Industry which was at its nascent stage at the beginning of the 21st century has now become a huge industry that contributes majorly to growth and development of Indian Economy. As per the current statistics, the auto Industry's turnover is estimated to be equivalent to 7.1% of overall GDP. The auto industry currently employs more than 37 million people both directly and indirectly. The auto-industry is a key employment generator in the OEM factory that manufactures the vehicles, in the inbound auto component and logistics industry that makes and delivers component & systems and the outbound logistics and dealer network that sells, maintains and distributes the cars. Every vehicle produced, generates secondary and tertiary employment. The industry generates employment of 13 persons for each truck, 6 persons for each car and 4 persons for each three wheeler and 1 person for two-wheelers. It is important to appreciate the sector's multiplier effect on economic activity. If the industry produces as per its potential, it could grow in value to over 12% of India's GDP by 2026. If the Government's objective is to achieve the target of Make in India then the role of auto industry cannot be ignored and the industry has already made investments to

achieve this objective and have increased the capacity to levels that would be needed to achieve the objective.

**4.1.3** The Industry has potential to grow to become a major economic contributor. The Government also recognizes the importance of the automobile industry in the Indian economy and hence is currently working with targets set in the Automotive Mission Plan 2016-26.

**Production:** The Industry produced a total 30.9 million vehicles including passenger

vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in FY 2018-19 against 29.0 million in FY 2017-18 (% of growth rate is 6.26%).

**Exports:** The overall automobile export has increased from 4.04 million in FY 2017-18 to 4.63 million in FY 2018-19 (% of growth rate is 14.50%).

The details of automobile production, sale and export of various automobile segments during the year 2012-13 to 2018-19 are given below:

### Domestic Automobile Production:

(No. in thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
No. of Produced	20,626	21,500	23,366	24,016	25,330	29,094	30,915
Growth %	1.20	4.24	8.68	2.78	5.48	14.86	6.26

Sources: SIAM

### Domestic Automobile Sales:

(No. in thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
No. Sold	17815	18423	19752	20468	21863	24981	26267
Growth %	2.61	3.41	7.22	3.63	6.81	14.26	5.15

Sources: SIAM

### Automobile export:

(No. in thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Number of Export	2,898	3,110	3,573	3643	3480	4042	4629
Growth %	-1.34	7.31	14.89	1.95	-4.47	16.15	14.50

Sources: SIAM

## 4.2 Auto Components Industry

**4.2.1** Auto Components Manufacturers Association (ACMA) represent over 700 companies which contribute over 85% of

the total Auto component output in the organized sector. It supplies components to vehicle manufacturers as original equipment, tier-one supplier, state transport undertakings, defence establishments,

railways and also to the replacement market. A variety of components are also being exported to OEMs and after- markets worldwide.

**4.2.2** Performance of the Indian Auto Component Industry showed healthy growth of 18.3 percent posting ₹3,45,635 crore/USD

51.2 billion turnover in the FY 2017-18. While the exports showed a growth of 23.9 percent scaling to ₹90,571 crore/USD 13.5 billion in FY 2017-18.

**4.2.3** The overall details of Automotive Components Industry-Performance are given below:

*[₹ in 100 Crore]*

Year @	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	CAGR
Turnover	2160	2117	2348	2556	2921	3456	10%
% Growth	5.60	-2.00	11.1	8.8	14.3	18.3	
Exports	526	621	685	709	731	905	11%
% growth	23.30	16.70	11.4	3.5	3.1	23.9	
Imports	744	771	829	906	905	1066	7%
% growth	11.60	3.60	7.5	9.3	-0.1	17.8	

Source ACMA

### 4.3. Agricultural machinery & Tractors Sector:

**4.3.1** Agricultural Machinery mainly consists of Agricultural Tractors, Power Tillers, Combine Harvesters and other Agriculture Machineries & Implements. Due to negligible production of Power Tillers, Combine Harvesters and other Agricultural Machineries, this sector is mainly dominated by Agricultural Tractors. Indian Tractor Industry is the largest in the world (excluding sub 20 HP belt driven tractors used in China), accounting for one third of the global production. The other tractor markets in the world are China and United States.

**4.3.2** Indian Tractors were exported to US and other countries like Malaysia, Turkey, etc. Indian players have aggressively started exporting to African countries by bidding

for government tender requirement. As such, Indian tractors are gaining acceptance in international markets. As the cost of tractors in India is cheapest in the world, there is tremendous scope for improvement of export of tractors in future.

### 4.4. Important initiatives taken in respect of auto sector by the Department of Heavy Industry (DHI):

DHI being the nodal Department for automobile and auto component industry, takes up an array of issues relating to automobile sector at various platforms for its growth. In this regard, DHI has taken various important initiatives, as outlined below:

#### 4.4.1 Development Council for Automotive and Allied Industries (DCAAI):

The Development Council constituted

under the chairmanship of Secretary, Heavy Industry is focused upon the issues relating to the growth of the sector and achieving AMP targets. This forum provides an opportunity to identify key areas of concern for which appropriate policy modulations and other identified areas of action can be taken up by various Ministries/Departments of the Government of India. According to the Industries (Development and Regulations) Act, 1951, "A Development Council shall perform such functions of a kind specified in the Second Schedule as may be assigned to it by the Central Government and for whose exercise by the Development Council it appears to the Central Government expedient to provide in order to increase the efficiency or productivity in the scheduled industry or group of industries renders or could render to the community or to enable such industry or group of industries to render such service more economically".

The funds allocated under DCAAI to the Department are utilised for supporting R&D & study projects received from Industry in Collaboration with IITs/NITs, ARAI and such like Institutions through Expression of Interest (EoI) issued by Department. The proposals sent are evaluated by a Screening Committee (headed by Joint Secretary) and Main Committee (Apex Committee – headed by Secretary, DHI) considers the projects and accords them final administrative and financial approval. During the last FY-2018-19, ₹10.28 crore (excluding the amount of ₹4.72 released to UNIDO-ACMA-DHI Phase II project) was released for funding various projects.

#### **4.4.2 UNIDO-ACMA-DHI Cluster Development Project:**

The project aims to provide practical services to Small and Medium Enterprises (SMEs) for enhancing the performance of domestic SMEs in the automotive component industry to facilitate their inclusion into national, regional and global supply chain requirements (quality, cost and delivery), to upgrade and enhance the competitiveness of an increasing number of target companies along the supply chain in India, including lower tier suppliers. The 1<sup>st</sup> Phase this project was completed in June, 2018 and 2<sup>nd</sup> Phase commenced from 1<sup>st</sup> January, 2019. US \$ 654,089.20 was released during the FY 2018-19 for the UNIDO-ACMA-DHI Phase II programme.

#### **4.4.3 Indo-German Joint Working Group (JWG) on Automotive Sector:**

Indo-German Joint Working Group (JWG) on automotive sector was established under the aegis of Indo-German Joint Commission on Industrial and Economic Cooperation (JCM). This is the fifth JWG; the other four groups are in the areas of Agriculture, Coal Infrastructure and Tourism. The first meeting of the JWG was held on 6.2.2009 in New Delhi with three sub-working groups i.e. (i) Sub-working Group on Technology (ii) Sub-working Group on Commercialization & Framework Development and (iii) Sub-working Group on Institutional Cooperation, Training & Skill Development. The last meeting (12<sup>th</sup> meeting) of this Joint Working Group was held from 12<sup>th</sup> – 13<sup>th</sup> March, 2019 in Berlin. JS (Auto) co-chaired the aforesaid meeting as a representative of DHI.



#### 4.4.4 Automotive Skill Development Council (ASDC):

Department of Heavy Industry has taken an initiative for “Formulation of Skill Development Plan” with a view to make available adequate, trained manpower for sectors like machine tools, heavy electrical, auto industry etc. so as to ensure proper streamlined and high growth rate during the current fiscal and in future. As far as auto sector is concerned, the task of identifying the skill gaps in the industry was undertaken through the specialized group formed during the framing of AMP 2006-16, whereby the industry was expected to require an additional 25 million workforce by 2016. Based on the deliberations held in the Department on various occasions, the Society of Indian Automobile Manufacturers (SIAM) prepared a Detailed Project Report (DPR). Accordingly, an Automotive Skill Development Council (ASDC) has been set up under the oversight of NSDC. ASDC was incorporated as a society under the Societies Registration Act, 1860 in March 2011.

#### ASDC ACTIVITIES

##### Conducting Research

1. Continuous research of skill gap in Auto Sector
2. Identifying trades to be taken up for skill development
3. Developing Competency Standards for the Sector with inputs from the Auto industry
4. Benchmarking with international standards

5. Productivity analysis of human resources
6. Maintaining Data base of skilled manpower in Auto Sector

##### Delivery Mechanism

1. Affiliation of Training Delivery Partners
2. Certifying content/curriculum to ensure alignment with ASDC standards
3. Training the Trainers
4. Providing career guidance to students & assisting in employment

##### Quality Assurance

1. Developing assessment mechanism for trainers/ students
2. Developing Certification framework as per Occupation Standards
3. Certification of Skill Training course curriculums
4. Accreditation of Training Delivery Partners and Assessment Partners
5. Assessment & Certification of Trainers & Students

#### 4.4.5 End of Life of Vehicle (ELV) Policy:

While MoRTH is reported to be engaged in preparing draft legislation for End of Life of Vehicle Policy in consultation with all stakeholders, the main role of DHI in the matter is to provide/create a proper roadmap, considering all related aspects before such a policy is laid out. There is a need for creating infrastructure for dismantling of vehicle in a scientific and environment friendly manner. There is an

immediate need for generating awareness and public opinion for voluntarily giving the old vehicles for dismantling, for which incentives or some policy structures are to be created. There are other issues related to working out compensation structure for vehicle owners, setting environment/public health/safety parameters for scrapping, system for collection of vehicles to scrapping/dismantling centers, linkage between recycling or raw materials and location of scrapping centers etc.

#### **4.4.6 Voluntary Vehicle Recall Information:**

The vehicle recall is as per SIAM's guidelines "*Voluntary Code on Vehicle Recall*" announced in July 2012. This guideline addresses the potential issues that exist in a motor vehicle that do not meet safety requirements due to a manufacturing defect and subsequent remedial actions. A vehicle is covered under safety recall for seven years and targets the first buyer. The decision on recall takes into account the degree of seriousness or severity of any possible hazard involved. This data is maintained by SIAM with a link on DHI website which is updated on a regular basis.

#### **4.4.7 Scheme for Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India-FAME India Scheme:**

As part of the National Mission on Electric Mobility Plan 2020 (NEMMP 2020, Department of Heavy Industry formulated a scheme, namely, FAME – India [Faster Adoption and Manufacturing of (Hybrid

&) Electric Vehicles in India], wherein it is intended to support the hybrid/electric vehicle market development and its manufacturing eco-system to achieve self-sustenance. The scheme is one of the green initiatives of the Government of India, to promote hybrid/electric technology in Road Transport so as to reduce dependence on fossil fuels and will be one of the biggest contributors in reducing pollution from road transport sector in near future. The 1<sup>st</sup> phase of the scheme was implemented commencing from 1st April 2015 till 31st March, 2019 with total outlay ₹895 Crore. The scheme had 4 focus areas i.e. Technology Development, Demand Creation, Pilot Projects and Charging Infrastructure. The Scheme is aimed at incentivizing all vehicle segments i.e. 2-Wheelers, 3-Wheelers Auto, Passenger 4-Wheeler vehicles, Light Commercial Vehicles and Buses. The scheme lays greater emphasis on providing affordable and environmental friendly public and private transportation/vehicular mobility for the masses. The demand incentive is available to buyers (end users/consumers) in the form of an upfront reduced purchase price to enable wider adoption.

#### **Achievement of 1<sup>st</sup> Phase of FAME India Scheme**

1. (i) About 2.78 lakh hybrid and electric vehicles are supported by way of demand incentive amounting to ₹343 crore (Approx.). This has resulted in approximately fuel saving of 4,55,71,087litre and CO<sub>2</sub> reduction of 11,36,69,030 Kg.

2. (ii) Under Fame India Scheme, Government of India sanctioned about ₹369 crore (approx.) for Pilot Projects, including Charging Infrastructure Projects. These included pilot projects for e-Buses sanctioned to Mumbai Metropolitan Region Development Authority (MMRDA), Himachal Road Transport Corporation, Land Port Authority of India etc. and a few cities through EoI, projects for setting up of charging stations / infrastructure at Bangalore/ Chandigarh / Jaipur / NCR of Delhi, and for Solar Grid Powered Chargers on Delhi-Chandigarh & Delhi-Jaipur Highway. About 465 e-Buses are being supported in 9 cities by way of incentive amounting to ₹301 crore (Approx.)

3. (iii) Government of India has also sanctioned about ₹ 160 crore (Approx) for the Technology Development Projects like Establishment of Testing Infrastructure, Preparation for specification & draft standards for xEV charging stations, setting up of Centre for Advanced Research in electrified transportation, setting up of Centre of Battery Engineering etc. by various organisations/institutions like Automotive Research Association of India (ARAI), IIT Madras, IIT Kanpur, Non Ferrous Material Technology Development Centre (NFTDC), Aligarh Muslim University (AMU) etc.

4. (iv) Scheme was very successful in creating the major policy discourse on Electric Mobility among all stakeholders including different departments of Govt. of India and State Govt.

## 5. Status of Fund Allocation and Utilization:

[₹ in Crore]

Financial Year	Fund Allocation	Fund Utilization
2015-16	₹75.00 Crore	₹ 75.00 Crore
2016-17	₹144.00 Crore	₹144.00 Crore
2017-18	₹165.00 Crore	₹165.00 Crore
2018-19	₹145.00 Crore	₹145.00 Crore
<b>TOTAL</b>	<b>₹529.00 Crore</b>	<b>₹529.00 Crore</b>

### 4.4.8 FAME INDIA SCHEME - Phase-II

Based on the experience gained during Phase 1 of FAME Scheme and suggestions of various stakeholders, the Department of Heavy Industry notified Phase-II of the Scheme, vide S.O. 1300 dated 8th March 2019, with the approval of Cabinet with an outlay of ₹10,000 Crore for a period of 3 years commencing from 1st April 2019. The main objective of the scheme is to encourage faster adoption of Electric and hybrid vehicle by way of offering upfront Incentive on purchase of Electric vehicles and also by establishing the necessary charging Infrastructure for electric vehicles. The scheme will help in addressing the issues of environmental pollution and fuel security. Out of total budgetary support, about 86 percent of fund has been allocated for Demand Incentive so as to create demand for EVs in the country. This phase aims to generate demand by way of supporting 7090 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars (including Strong Hybrid) and 10 lakh e-2 Wheelers. However, depending upon offtake of different category of e-Vehicles, these numbers may vary as the provision

has been made for inter as well as intra segment wise fungibility.

Only advanced battery and registered e-vehicles will be incentivized under the scheme. With greater emphasis on providing affordable & environment friendly public transportation options for the masses, the scheme will be applicable mainly to vehicles used for public transport or those registered for commercial purposes in e-3W, e-4W and e-bus segments. However, privately owned registered e-2W will also be covered under the scheme as a mass segment.

In this phase, the demand incentive is linked to battery capacity i.e. ₹10,000/KWh for all eligible Vehicles except e-Buses (for which the incentive is ₹20,000/KWh), subject to capping at certain percentage of cost of eligible Vehicles [i.e. 40% for e-Bus and at 20% for all other categories of eligible Vehicle]. Demand incentive is restricted to vehicles with prices less than the threshold value. Further, keeping in view market and technology trends in batteries, a provision has been made for revision of demand incentives from time to time under the scheme.

#### **4.4.9 National Automotive Board (NAB):**

The Government had approved the setting up of National Automotive Board (NAB) as an autonomous Society under the Department of Heavy Industry (DHI) to create a single platform for several agencies and Ministries that currently have a role to play in shaping the policies, regulations and interventions that impact the automotive sector. Consequent upon the Cabinet Approval in October, 2012 for setting up of National Automotive Board (NAB) as an

autonomous Society under DHI, NAB has been registered by the registrar of Society under the Societies Registration Act XXI of 1860 on 27<sup>th</sup> August, 2013 vide registration No. S/ND/311/2013. NAB's MOA and Rules & Regulations have also been registered.

An incentive scheme known as "DEMAND INCENTIVE DELIVERY MECHANISM (DIDM)" has been launched to promote and create the demand of electric vehicles in the country effective from 1<sup>st</sup> April, 2015. National Automotive Board (NAB) shall be the operating agency for the implementation of the scheme including disbursement of funds for the various components under the overall supervision and direction of Heavy Industry.

#### **4.4.10 NATRIP:**

1. National Automotive Testing and R&D Infrastructure Project (NATRIP) is a flagship project of DHI for setting up of world level regulations in safety, emission etc., besides providing facilities for R&D for automobiles & auto-component industry. The project was set up in 2005 and the present financial outlay of ₹3727.30 crore.
2. The project envisaged upgrading two centres at ARAI, Pune and VRDE, Ahmednagar and setting up of 4 Centres of state-of-the-art testing and homologation at ICAT/Manesar, GARC/Chennai, NATRAX/Indore, and NIAMIT/Silchar.
3. Centers of Excellence have also been created for facilitating R&D in the auto sector at the following locations:
  - ⌘ ICAT, Manesar-Component Lab and NVH Lab,
  - ⌘ GARC-Chennai- Passive Safety Lab,

Infotronics Lab and Electromagnetic Compatibility (EMC) Lab.

- ▲ NATRAX- Indore – Vehicle Dynamics Lab, and Test Tracks
- ▲ ARAI, Pune –Powertrain Lab and Fatigue Lab.

4. NATRIP has awarded most of the contracts of Civil Infrastructure and Mechanical Equipment's for the testing facilities to be created at various centres. Works of these facilities are in full swing and 20 out of 22 major facilities have been completed as per the details given below -

Facility	VRDE- Ahmednagar	NIAMIT- Silchar	ARAI- Pune	ICAT -Manesar	GARC- Chennai	NATRAX- Indore
Passive Safety Lab	---	---	Completed	Completed	Aug 2019 <sup>1</sup>	---
Electromagnetic Compatibility Lab	Completed	---	---	Completed	Completed	---
Power train Lab	---	---	Completed	Completed	Completed	Completed
Fatigue & Certification Lab	---	---	Completed	Completed	Completed	---
Test Tracks Completed		Completed	---	Completed	Completed	Dec 2019 <sup>2</sup>
Model I&M Mechanics Training Centre	---	Completed	---	---	---	---
Vehicle Dynamics Lab	---	---	---	---	---	Completed
Noise, Vibration & Harshness Lab	---	---	---	Completed	---	---

**Note:** <sup>1</sup> **Passive Safety Lab at GARC, Chennai** – 2 out of 3 labs are complete, civil work is progressing towards completion. Contractual issues arose with Machine & Equipment (M&E) suppliers because of long storage and expected challenges in commissioning & integration. After concerted efforts and negotiations, one M&E supplier has come on board while negotiation is going on with the other M&E supplier. The likely completion is projected at Aug-2019 subject to resolution of these contractual issues.

<sup>2</sup> **Test tracks at NATRAX, Indore** – 13 out of 14 tracks are complete and the remaining work of High Speed Track (HST) is progressing as per schedule.

5. This initiative of DHI has ensured availability of world class infrastructure within the country to test vehicles and components, in line with existing and emerging automotive standards, with the aim to enhance vehicular safety, reduce emissions and bolster performance, thus helping in modernisation of the automotive industry. It has also helped deepen the automotive

manufacturing sector in India, to expand India's global presence, promote larger value addition and thereby significantly enhance employment generation in this sector.

6. In future, it will also help to make India a global outsourcing base for automobiles and auto components, in furtherance of Automotive Mission Plan (AMP).

**5.1** India has established a strong and diversified manufacturing base for the production of a wide variety of basic and capital goods to meet the requirements of various sectors including heavy electrical, power generation and transmission industries, process equipment, automobiles, ships, aircrafts, mining, chemicals, petroleum, etc. However, share of manufacturing sector in India's economy is still quite low. There is a considerable potential for growth which, in a globalised world economy, has to be based on improving productivity and competitiveness. Innovation and adoption of new technologies are the key factors in competitiveness. In the Indian context, opening of the economy and consequently the entry of international players has substantially enhanced the need for production of goods and services matching international standards. Indian Industry has undertaken a number of steps to meet the needs of the customers in a fast changing environment. CPSEs under the Department are also pursuing their plans to adopt and adapt new technologies through collaboration and in-house R&D efforts. Some of the initiatives in this regard are described below:

## **5.2 NATRIP**

### **Testing and R&D infrastructure for Automotive Sector**

National Automotive Testing and R&D Infrastructure Project (NATRIP) is the largest and one of the most significant initiative of the Government of India in the Automotive sector so far and represents a unique joining of hands between the Government of India in Dept. of Heavy Industries, a number of State Governments and Indian Automotive Industry to create a *state-of-the-art* Testing, Validation and R&D infrastructure in the country.

#### **The project principally aims at:**

- i. Creating critically needed automotive testing infrastructure to enable the Govt. in ushering in global vehicular safety, emission and performance standards.
- ii. Deepening manufacturing in India, promoting larger value addition leading to significant enhancement of employment potential and facilitating convergence of India's strengths in IT with automotive engineering.
- iii. Enhancing India's global outreach in this sector by de-bottlenecking

exports, and providing basic product testing, validation and development infrastructure for automotive industry.

Under National Automotive Testing and R&D Infrastructure Project (NATRIP), the following centres have been set up:-

- i. International Centre for Automotive Technology (ICAT), a full-fledged testing and homologation centre within the northern hub of automotive industry at Manesar in the State of Haryana;
- ii. Global Automotive Research Centre (GARC), a full-fledged testing and homologation centre within the southern hub of automotive industry at a location near Chennai in the State of Tamil Nadu;
- iii. Up-gradation of existing testing and homologation facilities at Automotive Research Association of India (ARAI), Pune and at Vehicle Research and Development Establishment (VRDE), DRDO, Ahmednagar;
- iv. National Automotive Test Tracks (NATRAX), world-class proving grounds, testing tracks in Indore, Madhya Pradesh;
- v. National Institute for Automotive Inspection Maintenance and Training (NIAIMT), National Specialized Hill Area Driving Training Centre as also Regional In-Use vehicle management Centre at Dholchora (Silchar) in the State of Assam.
- vi. National Center for Vehicle Research and Safety (NCVRS) Raebareli, which has subsequently been wound up as per decision of CCEA and facilities of Accident Data Analysis Center (ADAC) reassigned to ICAT and GARC.

All NATRIP R&D test centers will have world class testing facilities and also aim at attracting customer for various parts of the world. The centers will also involve in advanced research in the areas mentioned above besides collaboration in technology up-gradation

### **Approval of Funding Pattern**

The Cabinet Committee on Economic Affairs (CCEA) in the month of July, 2016 has approved the second revised cost estimate of ₹ 3727.30 Cr. on account of the Foreign Exchange variation, Statutory Levies, Rise in Input costs, Other Factors like change in Scope of Supply etc as per the following funding pattern:

A.	Plan supported by the Government	
	By way of Grant	: ₹ 2628.17 Crore
	By way of loan	: ₹ 780.35 Crore
B.	User Charges	: ₹ 50.00 Crore
C.	Interest Accrued	: ₹ 264.43 Crore
D.	Liquidated Damages	: ₹ 4.35 Crore
	<b>Total</b>	<b>: ₹3727.30 Crore</b>

### **Current Status of various facilities planned under NATRIP at various centers**

#### **A. International Centre for Automotive Technology (ICAT), Manesar**

The International Centre for Automotive Technology (ICAT) Manesar, located in the Northern Automotive Hub of India, is a leading world-class automotive testing, validation, design and homologation and R&D services for all categories of vehicles and emerges as a comprehensive technical partner with the automotive industry in adopting cutting-edge technologies in vehicle

evaluation and component development to ensure reliability, durability and compliance to the present regulations under CMVR and global regulation.

The following facilities have been completed and are operational:

- i. **Powertrain Lab** consisting of Vehicle Test Cell, Engine Test Cell, Climatic Vehicle Test Cell, Mileage Accumulation Chassis Dynamometer (MACD) Lab for 2&3 wheelers and 4x4 wheelers, Automotive transmission engine test cell and Sealed Housing Evaporation Determination (SHED) facility for 2 wheelers and Passenger cars. Testing of emission norms as per BS VI/ EURO VI is also available.
  - ii. **Fatigue and Certification Lab** consisting of X-poster, HF MAST, MAST for component and Vibration Shakers with Climatic Chambers.
  - iii. **The Passive Safety Lab** comprising of Pedestrian & Crash Core Facilities.
  - iv. **The Certification Lab** comprising of Pendulum Test Rig for Plastic Fuel Tanks, Head Restraint Test Rig, and Interior Fitment Test system, Window Retention Test Rig, Knee Contact Test Device, Projection Measurement Device, Manikin and Universal Pneumatic Actuator, Side door strength test rigs, Hazemeter, Demisting and Defrosting, Small Environmental Chamber, Environmental Chambers, Tilt Test Platform, Seatbelt anchorage test rig, Resistance of seats for buses coupling devices test rigs, Cab pendulum test rig, Vehicle vertical orientation test set-up.
  - v. **Component lab** Comprising of Rapid Prototyping facility for Metal and Plastic material.
  - vi. **CAD-CAE Lab** comprising of software like Abaqus, Hyperworks, CATIA, Siemens, NASTRAN, Altair, MSC Fatigue and Adams.
  - vii. **Infotronics Lab** comprising of MATLAB, Measurement Calibration & Diagnostic Tools (MCDF), Hardware in Loop (HIL) system for Single ECU test bench for Powertrain & Chassis.
  - viii. **Electromagnetic Compatibility (EMC) Lab** comprising of the Semi Anechoic Chamber for component and Vehicle Semi Anechoic Chamber.
  - ix. **Noise, Vibration and Harshness (NVH) Lab** comprising of the Semi Anechoic Rooms with dynamometer capabilities for Passenger Cars and Heavy Commercial Vehicles, modal analysis room, coupled acoustic rooms & listening room.
  - x. **Test Track Instrumentation** such as Pass by Noise measurement device, the Data Acquisition System, Vehicle Dynamics Sensors, Fuel Flow meter, Steering Wheel Sensors and Longitudinal Speed Sensors.
  - xi. **Tyre Test Lab** (through ICAT's own revenue) comprising of Endurance Test Rig, Dynamic Growth Test Rig, Tyre Rolling Resistance Test Rigs.
  - xii. All the **Test Tracks** such as Hill track, Water flood track, Oval track, Steering Pad, Noise track except the ABS track which is at the advanced stage of completion.
- B. Global Automotive Research Centre (GARC), Chennai**
- i. **Powertrain Lab:** The Powertrain lab in GARC consist of Chassis Dynamometers and Engine Dynamometers along with



Emission Test facilities to conduct the test as per Bharat Stage-VI norms of all vehicles upto 3.5 Ton GVW and Engines from 120 kw up to 500 kW. The lab also in houses SHED and Climatic Vehicle Test Cell (CVTC) to cater the need of the vehicle at various ambient temperatures.

The lab also has Mileage Accumulation Chassis Dynamometer (MACD) lab for 2&3 wheelers and 4x4 wheelers.

ii. **Fatigue Lab:** The Fatigue lab consisting of Vibration Shakers and Environmental Chambers, Universal Test Bench (UTB) for cyclic actuators, Multiaxial Simulation Table (MAST) with Climatic chamber and Four Poster is operational.

iii. **Certification Lab:** The Component Safety test facility consisting of :

Metal and Plastic Fuel tank test rigs, Bus window test, Interior fitment test, Bumper pendulum, Head restraint test, Universal Tensile Machine(UTM), Resistance of Seats for bus, Rear wall strength, Coupling devices, Seat belt anchorage test rigs, H-Point manikin, Seat belt test, Pneumatic coupling, Tilt platform test, Small climatic chamber, Walk in climatic chamber, Salt spray chamber, Dust chamber, Horizontal burning chamber, High voltage tester, Side door strength test rig, Demist equipment, Impact test rig for rear view mirrors, Thermostatic test, Hazemeter seat belt anchorage, fifth wheel king pin, Roof crash/ frontal impact/Rear Impact of truck cabin, seat resistance test for bus are operational. The Mechanical and Electrical discipline of this facility is accredited under NABL ISO/ IEC 17025:2005. The upcoming facilities

include Ozone chamber, UV chamber, Defrost equipment, Small acoustic chamber and Safety glass test equipment.

iv. **APSL:** The Pedestrian and Occupant Safety and Air bag lab with Climatic chamber under Passive Safety Lab is operational. The civil works for the Full vehicle crash test like Frontal crash, Angular crash and Rollover is at an advanced stage of completion. Various equipment for facilitating crash tests are being installed.

v. **EMI/ EMC Lab:** The EMCI/EMC lab consist of dedicated Semi Anechoic chamber's for conducting the tests on 2 and 3 upto 4 ton. The lab also in houses a Semi anechoic chamber exclusively to conduct the test for 4-wheelers upto 19 Ton.

vi. **CAD-CAE:** CAD-CAE lab with software's SIEMENS NX, CATIA V6, MSC Fatigue and Altair Hyper works are operational.

vii. **Infotronics Lab:** MATLAB, Measurement Calibration Diagnostics and Fleet Validation (MCDF), Hardware in Loop (HiL) for Powertrain and Chassis ECU's, Rapid Prototyping and Plant model for Chassis and Powertrain ECU's softwares are operational.

viii. **Test Tracks:** The five test tracks at GARC namely External Noise Track, Steering pad track, Test Hills track, High Speed track and Braking Surface track are operational. The equipment include Pass by Noise measurement device, Data Acquisition System(DAS), Vehicle Dynamic sensors, Fuel flow meter, Longitudinal speed sensors, Steering wheel sensors, Brake sensors, Thermocouple and pressure gauges.

ix. **Photometry Lab:** This facility consisting of Photo goniometer, Integrating sphere, Reflectivity measurement, Transmission measurement, UV measurement, Profile projector, Hazemeter, Retro reflector test rig are operational.

x. **Recycling Demo Unit:** This facility consisting of vehicle dismantling equipment, Bailing press and Wiring Harness Recycling plant is operational.

### C. National Automotive Test Tracks (NATRAX), Indore

i. The National Automotive Test Tracks (NATRAX) will be a world-class automotive proving ground set up on 3,000 acres of land for comprehensive testing and evaluation of all types of vehicles. The proving ground has all varieties of surface types to test vehicles of all categories from 2 wheelers to Heavy Commercial Vehicles against varying terrains and stringencies. The heart of the proving ground will be the oval 4-lane high speed track of 11.3 km designed for a neutral speed of 250 kmph on curves, the work on which is progressing at a fast pace.

ii. NATRAX is the Centre of Excellence for Vehicle Dynamics, for which the labs are already functional.

### The progress so far

#### Test Tracks:

All other tracks except High speed track are completed and Industry has started utilization of these tracks. The High speed track is in advance stage of construction. The surveying, Excavation, Embankment, Subgrade, Drainage layer, Granular

sub base, Wet mix macadam, culverts, & critical drains are complete. Overpass is nearing completion. Bituminous works on straight portions are partly completed and Bituminous paving on parabolic curve portions with specialized machinery are in progress. The balance works are expected to be completed by Dec 2019.

### Buildings / Laboratories

Following facilities are ready in vehicle dynamics lab and few OEM have used these facilities:

1. Kinematic and compliance test rig.
2. Steering, Damper and Elastomer Test rig
3. CAD/CAE lab
4. Pass by noise equipment.

The power train lab consisting of chassis dyne and emission analyzer is also operation. All admin building like Headquarter, Reception, Canteen, Auditorium (Except interior) are complete.

### D. Automotive Research Association of India (ARAI), Pune

i. ARAI's Homologation and Technology Centre (ARAI – HTC) at Chakan, established under NATRiP, is serving the industry with a customer centric approach. The three labs at this centre, i.e. Passive Safety Laboratory, Fatigue Laboratory and Powertrain Laboratory; have executed numerous projects for the industry during the year 2017-18. Also, the Passive Safety Laboratory and Powertrain Engineering Laboratory at this centre were accorded NABL accreditation for ISO 17025 in 2017-18.

ii. The Passive Safety Laboratory at ARAI – HTC is equipped with Crash Core Test facility,

Seat Anchorage Test facility, Sled facility, Static Roll Over facility and the Dummy Calibration facility. The Fatigue Laboratory has facilities like Drive-in 4-poster with Chamber, Multi Axis Simulation Table (MAST) & Chamber, X-poster and UTBs. Similarly, the Powertrain Laboratory is equipped with Climatic Test Cell, Vehicle Test Cell, SHED facility, Mileage Accumulation Chassis Dynamometer and TGTC.

#### **E. Vehicle Research and Development Establishment (VRDE), DRDO, Ahmednagar**

The following facilities are fully functional at VRDE:-

- a. The Electro Magnetic Compatibility (EMC) lab.
- b. The Anti-lock Braking System (ABS) test track.

#### **F. National Institute for Automotive Inspection Maintenance and Training (NIAIMT), Silchar**

National Institute for Automotive Inspection Maintenance and Training (NIAIMT), Silchar comprises of three business units namely 'Driving Training Institute (DTI), Mechanics Training Institute (MTI) and Vehicle Inspection and Maintenance station (IMS)'. The center has two campuses, one housing the 3 business units and one having dedicated hill driving facility.

Major Activities at a glance in FY 2018-19 are :-

- i. Driving Training Institute (DTI) has conducted regular driving training courses in the FY 2018-19 under self-sponsored

training programme.

- ii. DTI has successfully continued Cab Driving Training program (Non-Transport to Transport Category) which was launched in 2017-18.
- iii. A Total of 569 candidate have been trained under various courses of DTI and 25 candidate have been trained under MTI in this FY 2018-19.
- iv. NIAIMT has launched a unique course namely Automotive Telematics and GPS Technician course to provide advanced training on Vehicle telematics and navigation system. This course is the First course on automotive telematics and GPS and was launched in India on 11<sup>th</sup> Sept 2018. Two batches comprising of 16 students have been run so far.
- v. NIAIMT has started an initiative to organize regular stakeholders meet to make aware and expand the center's reach and business activities. The first Stakeholders meet was organized on 1<sup>st</sup> May 2018 chaired by CEO&PD, NATRIP and since then three such meets have been conducted. Each stakeholders meet had targeted different sectors e.g. defense, health, motor unions, transport dept., State rural development, local and neighboring State administrations etc. In response to these meetings, various sectors/department have started sending their fleets and personnel for inspection and training.
- vi. MTI and DTI of NIAIMT have got affiliation from Sector Skill Council for automotive sector- ASDC for conducting different courses up to NSQS level 6. The faculty

members of NIAIMT have gone through TOT program and are successfully certified as Field Trainers in this FY 2018-19 to conduct relevant courses.

- vii. DTI under NIAIMT has got sponsorship from TATA Motors and TATA AIG for conducting 2 days Refreshers Residential Driving Training program. Based on past performance, it is being considered for renewal/open tender.
- viii. DTI under NIAIMT has got sponsorship from Orion Edutech Pvt. Ltd. & Shriram Transport Finance Corporation for conducting commercial and Light Motor vehicle driver training programme.
- ix. NIAIMT, Silchar centre has been recognized for conducting short term training and Recognition of Prior Learning Programme (RPL) under Pradhan Mantri Kaushal Vikas Yojana (PMKVY). Accordingly, the centre got the targets from National Skills Development Corporation (NSDC) for conducting training of 360 students under PMKVY (RFP).
- x. Further, NIAIMT has received a target of training 1830 candidates for PMKVY-2.0-Recognition of Prior Learning program (RPL) from NSDC. The targeted beneficiary for this program will be covered from the three districts of Barak Valley (i.e. Cachar, Hailakandi and Karimganj) and shall be completed by mid year 2019.

### **Exploring the possibilities of further operating the NATRIP center on Public Private Partnership (PPP) mode.**

- i. CCEA has directed that the burden of operating the NATRIP Centers on the

Government should be minimized. Accordingly, it was decided to explore the possibility of operating all four NATRIP fully funded centers on Public Private Partnership (PPP) mode by engaging a Consultant (Transaction Advisor) through invitation of Expression of Interest (EOI). The four centers fully funded by NATRIP are as follows:

- a. GARC-Chennai
- b. NIAIMT-Silchar
- c. ICAT-Manesar
- d. NATRAX-Indore

- ii. Accordingly, Expression of Interest was invited on 18<sup>th</sup> August 2017 for identifying Consultant (Transaction Advisor) to suggest NATIS the suitability of PPP model. M/s Ernst & Young was selected as Consultant (Transaction Advisor) and agreement was signed on 8<sup>th</sup> November, 2017.
- iii. After detailed deliberations and incorporating the comments of TMC, M/s E&Y submitted the revised draft Feasibility report. The second meeting of TMC to consider the final draft feasibility report was held on 08<sup>th</sup> August, 2018 wherein it was advised to take the matter to DHI through GC.

### **5.3 Automotive Research Association of India, Pune**

Automotive Research Association of India, Pune located in Pune and built on approximately 15000 sq. mts area, The Automotive Research Association of India (ARAI) houses various test facilities. ARAI is a

co-operative research organization that was established in 1966 by the Indian Vehicle and Automotive Ancillary Manufacturers and the Government of India (GoI). ARAI is affiliated to the Ministry of Heavy Industries and Public Enterprises and recognized by the Department of Scientific and Industrial Research. It is an ISO 9001-2008, ISO 14001-2004, and OHSAS 18001-2007 certified organisation and is also accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) for its major certification facilities.

ARAI is registered as a society under the Societies Registration Act XXI of 1860 and major automobile and ancillary manufacturers are its members. The Governing Council consists of members from Indian Automotive Industry and representatives from Government of India. ARAI has been playing a crucial role in assuring safe, less polluting and more efficient vehicles. It provides technical expertise in R&D, testing, certification, homologation and framing of vehicular regulations.

The state-of-the art Research & Development and Testing facilities at ARAI are increasingly utilised for sponsored and in-house Research & Development projects as well as domestic CMVR type approval and export homologation activities.

#### **5.4 Fluid Control Research Institute (FCRI), Palakkad, Kerala**

Fluid Control Research Institution (FCRI), Kerala is an autonomous organization under Government of India, Department of Heavy Industry(DHI) located at Palakkad,Kerala.

FCRI was established in 1987 with assistance from UNDP registered under the Society Act 1860. The institute has fullfledged NABL accredited laboratories for the calibration/testing of flow products in water, oil and air media. It is a premier institute in our country rendering industrial services and solutions to industry. The fluid flow laboratories of FCRI are at par with National/International standards for flow measurement and are accredited by NABL. The facilities are most comprehensive for flow engineering and provide a unique resource for industry in India and abroad. All the facilities are well utilised for sponsored R&D programmes as well as calibration/evaluation of flow products. The accreditation has been awarded on the basis of compliance to NABL—criteria and as per ISO standard 17025 2005. The laboratories accredited by NABL automatically get the approval from the Asia Pacific Laboratory Accreditation Cooperation (APLAC) and International Laboratory accreditation Cooperation (ILAC).

The Flow Laboratories at FCRI are at par with similar International facilities in Europe, as have been proved through regular interlaboratory comparison programmes with National Engineering Laboratory UK, Delft Hydraulic Laboratory Netherlands, Denmark Tech. Institute Denmark, NIST USA and Czech Metrology Institute, etc. The major objective of the Institute is to establish research and development assistance to the flow product industry and to assist in upgrading quality and reliability of flow measurement and Instrumentation in our country. Higher level Skill development

and training of industrial personnel is also an integral activity.

The quality assurance of flow products at FCRI are by and large carried out with reference to international standards like ISO, ISA, API, ASTM and OIML.

## **5.5 CENTRAL MANUFACTURING TECHNOLOGY INSTITUTE TUMKUR ROAD, BENGALURU 560 022**

Central Manufacturing Technology Institute, a premier R&D organization in the manufacturing technology, established in the year 1962, is an autonomous body, registered as a Society and under the Administrative control of Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises. The institute is assisting Indian Industries to achieve excellence in technology and stimulate economic growth. The Institute is active in metal working technology, evolving solutions to national strategic initiatives and is a one-stop destination for end-to-end solutions in manufacturing technology deployment. The Institute is guided by a Governing Council consisting of representatives from industries in manufacturing sector, machine tool manufacturers, Government nominees and other stakeholders.

CMTI continues to support the Indian engineering industry and various sectors through its value added services in manufacturing technology and product development / realization activities. It continues to play a vital role of a catalyst in the application of manufacturing technology. The Institute is equipped with

trained manpower, equipment and facilities for design, research, prototype production, manufacturing, testing, inspection, calibration, product development, training and technical information.

The equipment, facilities and expertise required have been acquired and special civil infrastructure facilities have been created for the Nano Manufacturing Technology Centre (NMTC) and an ultra precision Diamond Turning Machine Nano shape T250 has been developed by CMTI. The R&D projects that have been completed are now ready to be deployed for commercial applications. A vision lab has been set up to meet the special needs of vision based non-contact measurement. New 'skill development' training courses have been launched to enhance Human Resource Development (HRD) activities through the Academy of Excellence for Advanced Manufacturing Technology (AEAMT) at CMTI, Bengaluru. The CMTI Regional Centre at Rajkot has been augmented with new measurement facilities to cater to metrology needs of the Rajkot cluster of manufacturing units.

The ongoing projects at CMTI include:

- a. The development of the High Speed Shuttleless Rapier Loom technology : The proto type of 450 rpm has been developed and its testing is in progress.
- b. Under the Scheme on Enhancement of Competitiveness in the Indian Capital Goods Sector. a "Smart Manufacturing Demonstration and Development Cell" on Industry 4.0,

IoT (Internet of Things) Platform and is being set up

- c. Modernisation of Precision Metrology Laboratory of CMTI is being undertaken under the Scheme on Enhancement of Competitiveness in the Indian Capital Goods Sector.
- d. Nano Manufacturing Technology Centre (NMTC).
- e. Sensor Technology Development Facility (STDF)

## 5.6 R&D Initiatives by some of the CPSEs.

Some of the technology up-gradation and R&D efforts of the Central Public Sector Enterprises under the Department of Heavy Industry are detailed below.

### 5.6.1 Bharat Heavy Electricals Ltd. (BHEL)

BHEL's R&D strategy, structure and infrastructure are aligned to meet challenges of the present & future business environment. The R&D expenditure of the Company for the FY 2017-18 is ₹.753 crore which is 2.7 % of the turnover. The Company has filed 530 patent and copyright applications during the FY 2017-18, and 558 patent and copyright applications during the FY 2018-19, enhancing the Company's intellectual capital to 4561. Approximately 19% of the company's turnover in the FY 2017-18, amounting to ₹.5247 crore has been achieved from its in-house developed products. Some of the significant developments carried out during the years 2017-18 and 2018-19 are as under:

- In a major technological breakthrough, BHEL has successfully developed a state-of-the-art Regeneration System through in-house R&D efforts, for Indian Railways' fleet of conventional WAG7 electric locomotives. Presently, the Indian Railways' electric locomotives have a dynamic braking system where the energy generated during application of brakes gets wasted in the form of heat. This IGBT- based regenerative braking system will recover about 12-15 % of energy consumed by the locomotive for motoring and feed it back to the overhead power lines.
- Designed, developed and manufactured compact 1095 kW Traction Alternator for 1600 HP DEMU application. The alternator is designed to ensure trouble free operation and maximum service life with a self-contained cooling system, which circulates cool air through the machine.
- Successfully designed, developed and tested direct drive compact and efficient 350 kW Permanent Magnet (PM) based Reserve Propulsion Motor & controller for strategic application. The developed motor has been subjected to 100 hrs endurance tests at variable & full load and has passed the testing requirement as per IEC standards.
- Indigenously developed 50 kW DC fast charger for Electric Vehicles (EV)

to address the emerging way side charging infrastructure business. The developed charger has been tested successfully at ARAI, Pune as per Bharat Standard and OCPP 1.6 protocol.

- Developed 1700 HP triplex reciprocating mud pump with maximum pressure of 5000 psi. These pumps are required for deep drilling rigs for oil rig applications.
- Developed and demonstrated Proton-exchange membrane (PEM) Fuel cell powered Hybrid 1.25 kW Electric Golf cart vehicle for drive range extension of electric vehicles. The Golf cart has been modified for retrofitting on board Hydrogen storage of 5 kWh equivalent electric power with cascade of lightweight aluminum cylinders.
- Designed and developed 1 MWh grid connected Battery based Energy Storage System (BESS). Hybrid Battery Energy Storage System of capacity 1000 kWh comprising Li-Ion Battery (500 kWh), Flow Battery (200 kWh) and Advanced Lead Acid Battery (300 kWh) has been established in-house. This development will enable BHEL to introduce Multi-Battery based Energy Storage System (BESS), a new product in transmission & distribution and Renewable Energy sector.
- Designed, developed and manufactured gas-to-cable termination module for 420 kV GIS, including gas-to-cable termination

housing/enclosure according to IEC 62271-209 standard suitable to 420 kV, 50/63 kA GIS.

- BHEL has indigenously developed 3-phase propulsion system for India's first ever Broad Gauge Air-conditioned 12 car AC EMU suburban train on Mumbai Suburban Section of Western Railway.
- Advanced Ultra Supercritical (AUSC) R&D project is in progress for indigenous development of high efficiency, low emission technology for future generation coal-fired power plants, with IGCAR and NTPC, in which major funding is from Govt. of India .

BHEL has successfully developed high pressure bypass valve with nickel based alloy for AUSC power plant application and completed design and manufacture of evaporator membrane panel (Gr.91 material) for the first Indian boiler of AUSC plant.

- A project for design, development and demonstration of high ash Coal to Methanol (CTM) Technology with funding from the Department of Science & Technology is in progress. Through this technology, India can utilize its vast coal reserves to produce syngas through coal gasification and conversion of syngas to methanol.
- Development project for Passivated Emitter Rear Cell (PERC) type of solar cells and modules is being pursued jointly by BHEL-ASSCP and NISE-MNRE with funding from MNRE. The



project aims to produce PERC type of c-Si solar cells with cell efficiency of >21 %, which is higher than the present c-Si cell efficiencies.

- BHEL has entered into a Consortium Agreement with IIT, Kharagpur for Development of Advanced Manufacturing Technologies. Association with Centres of Excellence (CoE) of IIT, Kharagpur as Core Member of the consortium will give impetus for faster adoption of emerging technologies like Additive Manufacturing, IIoT, etc
- BHEL has developed and manufactured a low noise, efficient 50 kW, 400Hz permanent magnet based frequency converter (PMFC) for strategic applications.
- BHEL has developed a 120 MVA station transformer for 2x800 MW NTPC Lara project. The transformer was successfully tested at National High Power Test Laboratory (NHPTL), Bina.

### 5.6.2 Rajasthan Electronics & Instruments Limited, (REIL)

Innovation and the pursuit of new business opportunities are essential for growth of an Organization. The Research & Development activities of the Company are aimed at achieving the Corporate Mission of meeting the existing & emerging needs of Customers and serve them through development/marketing and delivery of Quality Products and dependable after sales service. The Company, through its systematic approach,

monitors the Pulse of esteemed Customers to identify their needs and convert them into Quality Products. The R&D activities not only target the new development, but improvement in existing products/processes also to improve productivity and overall performance.

REIL has been providing cost effective solutions in dairy electronics & renewable energy sectors to the country in general and rural masses in particular. The R&D Center-equipped with latest tools & technology based equipment and skilled resources are recognized by Department of Science & Industrial Research, Government of India and is engaged in development of various dairy electronics and solar projects.

#### Major areas of Operation:

- Project Conceptualization, Design & Development.
- Absorption & Transfer of Technical Know-how.
- Indigenization of the Existing Range of Products.
- Engineering Support to Materials Management, Production and Business Divisions
- Technical Documentation / Project Proposals & Report Generation.
- Management of Design, Drawing & Drafting Section and Technical Library.
- Securing IPR of the company

The following Research & Development activities were undertaken during the year 2018-19.

- a) Remote Monitoring Unit for Solar Water Pumping System
- b) Solar Pump Controller for existing AC Pumps:
- c) The Solar Hybrid Electric Vehicles Charging Systems:
- d) Next Generation DPU (NG-DPU)
- e) Remote monitoring, control and data acquisition for Bulk Milk Cooler (BMC)
- f) Development of Solar Powered Peltier Refrigerator for rural application
- g) Development of system for Solarization of Bulk Milk Coolers.

### 5.6.3 HMT Limited

HMT has established R & D centers in all manufacturing units to meet the needs of design & development of different products, with a focus to improve product technology and enhance product competitiveness.

R&D has been a focus area for the company in its endeavour to serve the customer better and develop new products. R & D activities are carried out in each subsidiary with particular reference to customer needs in product technology, quality, reliability and price competitiveness. Upgrading the existing products with additional features, design optimisation and improvement in aesthetics are the major thrust areas. The initiative has resulted in many new products and also up-gradation of existing products.

Highlights of R&D activities carried out / planned in the different product areas of HMT's domain are as below:

### (Food Processing Machinery Division)

- a) Development of Cleaning in Place system with PLC programming.

### 5.6.4 HMT Machine Tools Limited

All the manufacturing units of the Company have their own R&D facilities to meet its needs. The focus of R&D is to progressively achieve self reliance in product technology, upgrading the existing products with additional features.

R&D is a continuous process and closely linked with the various operations of the Company and benefits could be derived as a result of the above R & D. Consistent efforts are being made in-house to design, develop and manufacture new products as per technologies available as well as state-of-art and technology centric special purpose machines. Technology development plans are focused to facilitate reduction in cost of production by value engineering, thereby providing viable import substitution as well as Joint Working Arrangement with overseas foreign Institute & IIT,s etc. This approach has resulted in development of new products during 2018-19.

HMT Machine Tools Limited entered into a Technical Agreement with International reputed firm M/s. Fraunhofer, Germany funded by Govt. of India for Technology Transfer of design & development for analysis of "Headstock of Four Guide Way Lathe" and "Development of the Turn Mill Centre with Y-axis SB CNC 30 TMY. The project is funded by DHI, Govt. of India. The design & development of "Headstock

of Four Guide Way Lathe” project completed in the month of March 2018 at Bangalore Unit. The prototype of Turn Mill Centre with Y-axis SB CNC 30 TMY was completed in the month of September 2018 at Kalamassery Unit.

❖ **Products Development and Technology Up gradation plans.**

- Development of CNC Multi Spindle Automats in technical collaboration with M/s Central Manufacturing Technology Institute (CMTI), Bengaluru. CMTI will design, develop & transfer the technology to HMTMT for commercial production
- Development of Flow Forming Lathe under technology transfer from M/s F.T. Machines, Germany.
- HMT MTL, Hyderabad supplied two nos. of 3 axis CNC Vertical Facing Mill for ISRO’s SatishDhavan Space Centre to Machine Solid Rocket Motors.

**5.6.5 Andrew Yule & Company Limited (AYCL)**

The R&D activities carried out by the Company’s different Divisions were as follows :-

**I. Steps have been taken for**

- a) Tea Division’s Innovation cells for designer / specialty tea of AYCL is in operation.
- b) Engineering Division had already set-up the R&D unit, DSIR approval is in progress.
- c) Electrical Division has initiated action to introduce more energy efficient

transformers and initiatives have been taken for NABL accreditation for in-house testing facilities.

- d) Electrical Division to set up a condition monitoring test centre to measure the recurrent discharges observed inside the transformer during service to ensure reliable operation and extend the life expectancy of the transformers.

**II. Benefits derived like product development, cost reduction or import substitution :**

- a) One Specialty Darjeeling Designer Tea Chest of 1 kg was sold at a record price of ₹30,000/- to a renowned buyer.
- b) Measures have been taken to augment the brand image of “Yule Tea” in retail tea market to improve Value Addition.
- c) All gardens of the group are now having FSSAI License to operate and manufacture tea. Also all Estates are Trustee certified.
- d) Electrical Division- Chennai Operation (ED-CO) developed first 220kV, 12.5MVA Transformer est through in-house R&D and executed first order. ED-CO also established a complete Testing Lab for Impulse Test of such Transformers
- e) Electrical Division- Chennai Operation (ED-CO) developed first resin cast Transformer est through in-house R&D and executed first order.
- f) Electrical Division – Kolkata Operation (ED-KO) had upgraded the

design of 11 kV, 630 kVA Distribution Transformers to Level-2 complying with the requirement of Energy Efficient Transformer, successfully tested and supplied the same to WBSEDCL.

- g) ED-KO also added 2 new Products viz. Dry Type Transformer (800kVA/11-6.6kV) AND LT AVR (100kVA, 250-500/415V), which have got good market potential.
- h) The 1st Solar Power Plant in Andrew Yule Group of 10 kWp was installed at Engineering Division being executed by the ED-KO Project wing.
- i) Engineering Division executed 2 Prestigious Orders in Air Pollution Control (APC) – one at Kolaghat Thermal Power Station and another at Tata Steel, totalling approx. ₹ 1.7 Cr.
- j) Water Pollution Control (WPC) wing of the Engineering Division bagged one Prestigious Order from Eastern Railways amounting ₹ 1.18 Cr.
- k) Engineering Division has manufactured 2 largest diameter Waste Gas Fan Impellers in its history, each will be driven by 8MW Motor when installed at Prestigious Bokaro Steel Plant in next fiscal. Job Value for these 2 Fans is INR 4.6 Cr. (approx.).
- l) Engineering Division had updated its Industrial Fan Technology with new technology for cyclic operation of Fans with VFD driven motor and also received an order in the field of steel application from one of its customer.

- m) Engineering Division have received retrofitting order of Yule make fan and other make fan with high efficiency Yule fan, especially in the cement factories. Those resulted energy saving as national benefit, it also resulted in the increase in our order intake.

#### **5.6.6 The Braithwaite Burn & Jessop Construction Company Ltd. (BBJ)**

In an increasingly competitive environment, BBJ has recognized the importance of R&D to maintain its leadership position. To further its competitive edge with the limited resources and concerted efforts by the employees, BBJ has developed new launching schemes for steel bridges in recent past. BBJ developed an effective erection scheme to replace old steel bridges with newly fabricated girders in a very short time on running lines. In recent past, BBJ developed forward launching plans for DMRC project, Ganga Bridge at Munger and also for other projects. BBJ has developed appropriate cutting plans for fabrication to reduce wastage. Up-gradation of technology is done time to time based on operational need by means of installation of new software to promote Digital India campaign, monitor project execution and accounting related tools.

#### **5.6.7 Engineering Projects (India) Ltd., (EPI)**

Considering company's nature of job, there is limited scope of Research & Development as EPI is executing the work based on the requirement of clients. However EPI has actively provided state of the art technology like neutral technology

beside conventional RCC Framed Structure i.e. precast, modular monolithic concreting using Aluma formwork system etc. for faster and cost effective construction.

The company is making continuous effort to upgrade technology and construction technique. Government of India unveiled with much fanfare the Smart Cities Mission (SCM), one of its marquee initiatives aimed at upgrading 100 cities. Among the projects in SCM are affordable housing, integrated multi-modal transport, creation and preservation of open spaces, and waste and traffic management, among others. The projects focus either on a particular area of the city or the entire city in light of SCM. EPI has signed MoU with French companies to participate in implementation of Smart Cities Mission of Government

The company has developed a state of the art Border Infrastructure and Surveillance System for international projects, adopting a combination of physical and electronically controlled barriers, real-time display monitoring with an intelligence system using sensors, optical fiber cables and HRC camera's keeping the international border safe and secure for prevention of infiltration/trafficking.

EPI used excavated material like limestone/clinkers for stabilization of sand dunes for

construction of roads and fence foundation, etc. EPI has started using rapid monolithic disaster proof technology in construction of mass housing and other construction projects.

#### **5.6.8 Scooters India Limited (SIL)**

The Company has upgraded existing 3 Wheeler models from Bharat Stage (BS-III) to Bharat Stage (BS-IV) for mandatory compliance to BS-IV norms. The vehicle models upgraded are VIKRAM 1000CG, VIKRAM 1500CG, VIKRAM 450D, VIKRAM 750D. The Company has got Type Approval certificate for vehicle model "450D" from ARAI, Pune.

In line with the Govt's policy for the Automobile sector to gradually switch over to cleaner fuel, the Company has successfully made Electric 3-Wheeler vehicle for 6P+1D passenger configuration. Type approval certificate for E-vehicle has been received from M/s ICAT, Manesar.

Company has successfully developed upgraded self-adjusting brake system for Vikram 1500 CG model with new design of C.I. drums and back plate assembly.

The Company has also installed 1MW Roof Top Solar Power Plant which is leading to substantial saving in energy cost.

## Welfare of SCs/STs/OBCs/PwDs and Minorities

- 6.1. It has been the constant endeavour of this Department to oversee the obligations of Central Public Sector Enterprises to promote the welfare of minorities in the light of Government's directive on this subject. Instructions issued by the Government in respect of reservation in appointment/promotion for SCs/STs/OBCs, Persons with Disabilities and minority communities are followed by PSEs under the Department.
- 6.2. An SC/ ST Cell is functioning within the Department, under the supervision of a Liaison Officer of the rank of Director/ Deputy Secretary for proper monitoring of the implementation of the reservation policy of Government of India.
- 6.3. Government had constituted a Committee for making in-depth analysis of the reasons for non-filling up of reserved vacancies for SCs, STs, and OBCs etc. in Government sector. As a part of recommendations of the said Committee, Department has Constituted a Committee under the chairmanship of Joint Secretary to monitor the progress in reducing the backlog of SCs, STs, OBCs, etc. in Department as well as in CPSEs under its administrative control.
- 6.4. The work force in the CPSEs consists of a large number of persons from different minority communities. Their integration into the mainstream workforce is emphasized in all CPSEs and there is no discrimination on account of their caste, creed or religious beliefs. Facilities like residential accommodation etc. are extended to employees on equal terms. Every Year, Qaumi Ekta/Sadbhavna Diwas is organized where people from all sections of the society including women and children participate to stimulate the spirit of oneness, national integration and harmony.
- 6.5. All operating CPSEs under this Department have been advised to comply with the provisions of the Persons with Disabilities (Equal) Opportunities, Protection of Right and Full Participation) Act, 1995. CPSEs follow the instructions issued by the Government from time to time to promote the welfare of Persons with Disabilities. Person with Disabilities are provided facilities like special conveyance allowance, ground floor residential accommodation providing facilities, like user-friendly toilets, lifts etc., exemption from payment of professional tax, to and from transportation facilities, provision of medical equipments and general medical assistance. The visually impaired persons are provided Braille symbols and are engaged in running telephone booths, repair of cane



chairs etc. Special schools are being run for mentally challenged children & visually impaired persons. These facilities are being provided to enable them to discharge their duties and facilitate their integration into the mainstream workforce. BHEL is also providing financial assistance for running special care schools and vocational training centres at Trichy, Bhopal, Hyderabad and Haridwar.

6.6 Department of Heavy Industry issues Essentiality Certificate to Persons with Disability for availing eligible concession on excise duty on purchase of modified cars. As a step towards simplification of Government procedure, the affidavit to be submitted by the applicant in this regard has been replaced with the self-attested certificate. The detailed eligibility conditions are displayed on website of the Department. During the year 2017-18, total number of applications received were 200 and certification were issued to 138 persons and during the period from 1.04.2018 to 31.12.2018, total number of applications received were 283 and certificates were issued to 259 persons.

6.7 The annual data about representation of SCs, STs, OBCs and Persons with Disabilities in the Department of Heavy Industry as on 1<sup>st</sup> January of each year is furnished on-line to DoPT, through the portal launched by Department of Personnel & Training ([www.rrcps.nic.in](http://www.rrcps.nic.in)) for representation of reserved category in posts and services.

6.8. In compliance of Interim Order dated 28.04.2015 of Hon'ble Supreme Court in Contempt Petition No.499/2014 in Civil Appeal No.9096/2013 in the matter of National Federation of Blind, Department of Personnel Training vide their letter No.36012/39/2014-Estt (Res) dated 22<sup>nd</sup> May, 2015 had asked all the Ministries/ Departments to launch a Special Recruitment Drive to fill up the vacancies for Persons with Disabilities. Accordingly, CPSEs concerned under the Department had launched Special Recruitment Drive to fill up the vacancies for Persons with Disabilities, as a result of which most of the vacancies for PwDs have been filled up.

- 7.1 Department of Heavy Industry and the CPSEs under its administrative control constantly endeavour to ensure that there is no discrimination against women on any count. All members of the staff are made conscious of the principles of gender mainstreaming and gender justice enshrined in the Constitution of India.
- 7.2 In order to create awareness regarding human rights, especially of female employees, in accordance with the directions issued by the Government for the preservation and enforcement of rights to gender equity and justice to women employees, a Complaints Committee has been constituted in the Department for redressal of complaints related to sexual harassment of women. Department actively encourages women employees to freely participate in all activities like meetings seminars, competitions, training etc. This helps in ensuring their fuller integration into the mainstream work force.
- 7.3 The instructions issued by the Ministry of Women & Child Development on Gender Budgeting with a view to identify sectors/ services where initiatives can be taken by the Department for the implementation of schemes/programmes for promoting gender equality, are being followed in Department of Heavy Industry and CPSEs under the administrative control of the Department.



8.1 The Department has a Chief Vigilance Officer of the rank of Joint Secretary to look into the vigilance matters of employees of the Department as well as Board Level Officers of the Central Public Sector Enterprises and Organizations under its administrative control. He is assisted by a Director and an Under Secretary alongwith a Vigilance Section.


8.2 The main areas of work of Vigilance Section are:-

- Dealing with complaints against Board level appointees of PSEs under the administrative control of the Department of Heavy Industry as well as the officers of the Department;
- Periodical review of vigilance matters;
- Issue of vigilance clearance in respect of Board level appointees in CPSEs and all other appointments based on PESB recommendations requiring ACC approval as well as officers/officials of DHI;
- Interfacing with CVC, CBI and CVOs of CPSEs under DHI to streamline flow of information in respect of vigilance matters;

- Tendering advice on issues of procedural irregularity;
- Vetting charge sheet in respect of vigilance cases against Board level appointees;
- Monitoring & completion of Performance Appraisal Reports of officers and staff of the Department as well as Board level appointees of its PSEs and maintenance of the same;
- Monitoring submission of Annual Property Return by officers and staff of the Department of Heavy Industry as well as Board level appointees of its CPSEs;
- Filling of APARs under SPARROW in respect of IAS/IPS/IES/IFS officers & Group 'A' officers of CSS/CSSS.

8.3 Vigilance Section lays considerable emphasis on preventive vigilance and is promoting the use of IT to bring about greater transparency. Punitive measures are also taken in appropriate cases and followed up wherever required.

8.4 Vigilance Awareness Week was observed by DHI from 29.10.2018 to 03.11.2018 to generate and spread awareness against corruption.



8.5 Vigilance cases are usually of complex nature demanding varied and detailed information, comments & analysis into the allegations with due assistance from the CVOs of the CPSEs. Concerted efforts were made to identify the long pending cases, the old cases being given special attention to bring the investigation to the logical conclusion. There were **46** vigilance cases/complaints in the beginning of the year 2018. **27** new cases/complaints were

received till 31.03.2019. Investigation was completed in **47** cases and they were disposed of after the approval of competent authority and in consultation with Central Vigilance Commission, wherever required.

8.6 Vigilance clearance was obtained by CVC in case of **22** Board level officers for recruitment/ confirmation/ extension/ retirement/ resignation and Vigilance Clearance of **212** Officers of DHI/PSUs were granted by CVO, DHI.

- 9.1 In keeping with the motto "ShramevJayate", Hindi Section of the Department of Heavy Industry is making all efforts to make the Official Language Hindi a medium to transact government business in accordance with the goals set by the Department of Official Language. To review the progress made in the use of Hindi, the Official Language Implementation Committee held its periodical meetings under the chairmanship of Joint Secretary, in-charge of Hindi Section in the Department and suggested ways to remove the impediments in the use of the Official Language in official work.
- 9.2. During the year 2018-19, the inspecting team of the Department carried out inspections of 24 Units/Offices of Central Public Sector Enterprises under the administrative control of the Department to monitor the progress made in the implementation of Hindi and also directed the officers of these Units/Offices to achieve the targets prescribed in the Annual Programme issued by the Department of Official Language.
- 9.3. All the Cabinet Notes, Notifications, Resolutions, Notes and Circulars, Parliament Questions & papers laid on the Table of both Houses of the Parliament, Annual Report, CAG reports, Delay Statements, General Orders and Citizen Charter were issued both in Hindi and in English.
- 9.4. Workshops were also organised for officers/employees to enable them to work on computer in Hindi. Apart from this, Fourth and Fifth Meetings of Reconstituted Hindi Advisory Committee were held respectively on 18<sup>th</sup> May, 2018 at Munnar, Kerala and on 29<sup>th</sup> November, 2018 at Havelock, Andaman and Nicobar Island under the chairmanship of Honourable Minister, Ministry of Heavy Industries & Public Enterprises Shri Anant G Geete. These Meetings were held in energetic manner in which working of DHI in OFFICIAL LANGUAGE has been appreciated.
- 9.5. In order to promote the use of Hindi and to increase correspondence in Hindi, "Hindi Fortnight" was organized from 01<sup>st</sup> September, 2018 to 15<sup>th</sup> September, 2018 in which Officers/Staff of the Department participated enthusiastically. Prize Distribution Ceremony was held under the chairmanship of Joint Secretary, in-charge of Hindi Section.



Photo of HINDI PAKHWARA Prize Distribution Function 2018

9.6. Public Sector Undertakings, under the administrative control of this Department, also continued to make vigorous efforts to implement the Official Language Act and its provisions. Various Seminars, Competitions

and Workshops were organised in these PSUs to propagate the use of Hindi. **“HINDI FORTNIGHT/HINDI WEEK/HINDI MONTH”**were celebrated in these PSUs with great zeal.

**10.1** The Department of Heavy Industry is committed to the goal of effective and responsive administration and service on delivery excellence. The SEVOTTAM framework of Government of India has been implemented in the Department. Following steps have been taken in this direction.

**10.1.1 Grievance Redress Management:** The Department has appointed Sh. A.K. Panda, Economic Adviser as the Public Grievance Officer for monitoring redressal of grievances. The Department receives online grievances through CPGRAM Portal. The grievance redressal is monitored periodically by the Economic Adviser. In addition off-line grievances are also received. During the period from 01.04.2018 to 31.12.2019, 1547 grievances were received and 1487 grievances were disposed off. As on date, the rate of disposal of grievances pertaining to this Department is 96%. The average days of pendency in the last six months is 21 days.

**10.2 IT initiatives in the Department of Heavy Industry**

Taking the slogan “Minimum Government and Maximum Governance “, a citizen centric approach and accountable administration is the focus of the government.

Series of steps includes simplification of procedures, identification and repeal of obsolete/archaic laws/rules, identification and shortening of various forms, leveraging technology to bring in transparency in public interface and so on. Leveraging the power of information technology brings with it the advantage of transparency, deliver a quality citizen services and improve the way of governance. Digital India Plan and Ease of Doing Business are two sides of a coin. The emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective. D/o Heavy Industry (DHI) already progressed a lot and put a step ahead with big data analytics to achieve data driven decision making. In addition to that it directs and monitors all its CPSEs and Autonomous Bodies under its’ domain to promote digital platform and online services.

During 2018-19 lots of IT achievements have been accomplished which included e-office/ e-file factor crossed 91% as on 31.03.2019, Enhancement of features in FAME-India I with DBT web service integration, GST Exemption Certificate portal MIS application portal, upgradation of website in cloud platform with monitoring its content activity through

MIS, operational of various in-house intranet applications / MIS etc are to be highlighted. DHI drives Industry 4.0 implementation in India policy which is wholly supplemented by Internet of Things Technology.

DHI informatics division of National Informatics Center, Ministry of Information technology renders NIC support services, consultations, development cum implementations of e-governance in DHI as well as all its organizations. It also maintains departmental websites, facilitating DHI in accessing on-line e-governance services portals and conducting training / workshops on different topics w.r.to the need.

### 10.2.1 DHI Website

DHI website (<https://heavyindustry.gov.in> in <https://dhi.nic.in>) has been upgraded into the cloud environment with SSL , GIGW compliances. It is the most effective platform for dissemination of Information on Policies, Procedures, Feedback, Performance, Budget, RTI etc relevant to the Heavy Industrial Sectors as well as Indian Citizens to get the benefit of the schemes implemented by DHI.

Flashing of latest initiatives, notices and events under what's new tag is mostly popular and most accessed globally. To encourage the participation of the Industry in Policy making inviting the feedback from them within a due date is also in practice. Schemes-wise Policy, Procedures, Performers, Industry 4.0 initiatives, Citizen Charter, Mission Plan, Budget, Grant & Aid details, GST implementation etc are some of the important tags published in the website.

To keep the latest information and updating in the website, DHI content moderators are facilitated through content management framework to take care their respective web contents. In order to monitor the updations regularly, an automatic email alert has been activated. An exclusive MIS system has also been developed and implemented in intranet to monitor the content moderation activity and trace out the audit log of the website. Both Cyber security audit and STQC certifications had been obtained for the website. Hindi version of the website is also made available and regularly updated by Hindi Section. Total visitors count reached 65 lakhs Till Mar 2019. During 2018, 16, 21, 036 visitors hit DHI website at an average of 1,34,918 per month which increased from 110000 of previous year. Foreign visitors are above 70%.

### 10.2.2 FAME-INDIA Scheme (DBT) – Phase I

Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME-India) Scheme is introduced under National Mission on Electric Mobility in 2011/ National Electric Mobility Mission Plan 2020 was released in 2013. It is under the frame work of Demand Incentive Distribution Mechanism. Subsidiary amount has been determined for each category of vehicle like Mild Hybrid, Strong Hybrid, Plug-in Hybrid and Pure Electric technologies and battery specification. It is implemented and monitored by National Automotive Board under D/o Heavy Industry. It is one of the DBT schemes categorized under in-kind mode.

Under the digitalization of the schemes

for bringing efficiency, transparency with effective monitoring, FAME India portal has been launched at <http://fame-india.gov.in/index.aspx>. All the process life cycle of the scheme has been digitized in this online Portal. At present Twenty nine Original Equipment Manufacturer (OEM), One Hundred twenty Car Models are registered under this scheme. Till March 19 Total incentive amount disbursed is ₹344 crores for 2,78,691 vehicles. Dash board shows its state-wise performance. It also reflects post benefit of e-vehicles are saved fuel due to electrification are 4,56,76,488 In Litres, Fuel saving per day is 52,700 In Litres, CO2 Reduction per day is 1,30,612 In Kg and CO2 Reduction is 11,39,30,254 In Kg. Built-in MIS reports are also made available for monitoring and management purpose. Various reports like OEM-wise sanctions, state-wise / manufacturer-wise/ month-wise progress etc are also incorporated for restricted users. As per the DBT compliance, integration of online Demographic Aadhaar Authentication of the beneficiaries is also being enabled.

### **10.2.3 GST Exemption Concession to PWDs Scheme (DBT)**

It is one for the DBT schemes categorized under in-kind mode. Instead of Excise Duty Concession, it is now with GST Exemption of the vehicle purchased by eligible PWDs. Scheme issues certificate to the beneficiary who can avail excise duty concession for purchasing cars w.r.to their need. Procedure is made available in the link <https://dhi.nic.in/UserView/index?mid=2408>. Separate portal at <http://dhigeecs.gov.in/dbt/> with MIS has

been developed and implemented in the open source platform. Regular updating is also carried out by the AEI section. In Financial year 2018-19, 330 beneficiaries got the certificates. Gujarat tops with 52 beneficiaries followed by 35 from Tamil Nadu for that period.

### **10.2.4 E-office Implementation**

Under NeGD project, e-office has been implemented at <https://dhi.eoffice.gov.in> with all its modules in DHI and all are operationalized. E-File module has been upgraded to ver 5.5.0.9 with proper hands on training for successful performance. Other modules like EMD, E-leave, PIMS have also been upgraded to the latest version. Workshops on DSC / e-sign integration, e-mail diarisation, migration of files, e-receipts, special operations etc had also been conducted by NIC. Out of 256 e-office users near about twenty officers have been authorized to publish the circulars / Notices through KMS. Necessary facilitation for Integration with DSC, e-sign and email diarisation have also been taken up. In order to monitor the performance, an intranet based MIS has been developed and deployed by NIC team of DHI.

As on 31.03.2019, efile % reached 91.15%. DARPG honored the performance of DHI through the award given by the Hon'ble Minister of State for Personnel, Public Grievances & Pensions in a ceremony organised by Department of Administrative Reforms & Public Grievances.

### **10.2.5 Intranet Applications**

Various web based intranet office

automation applications and sectoral applications are operationalized. Office automation applications like MIS on e-Office Implementation , MIS on Content Management of website , MIS on Status of Vital Activities of DHI , MIS on DHI Schemes (DBT MIS) , MIS on PRAGATI Agenda Updatations , CPSEs Performance Monitoring System , User Complaints Monitoring System , MIS on Cyber Incidents in DHI ( Cert-in), CPSEs Dash Board, MIS on feedback received through website / emails ,on-line Consumable Distributions System , MIS system on PMO references, Court cases, VIP references, Parliament references, On-line engagement, etc are made operational. Various reports like age-wise pendency, JS/Dir/Section/CPSEs wise pendency, disposed off list are also made available. Sectoral database like CPSEs Performance monitoring system, performance on auto sector and capital goods sector are also made available.

### **10.2.6 Online E-governance Services**

More online e-governance portals with common services like SPARROW (Smart Performance Appraisal Report Recording Window ) for IAS,CSS,IPS officers , Pro Active Governance And Timely Implementation (PRAGATI) PMO, Online Single User Platform Related To Employees Online (SUPREMO), Legal Information Online Management & Briefing System (LIMBS),Online e-tendering and e-procurement, Biometric Attendance System (BAS), Visitor Management for the Bhavans (MHA), RTI applications/first appeals online (DoPT), Centralized Public Grievance Redress

And Monitoring System (CPGRAMS)DopT, Online system for monitoring of follow-up action (e-samiksha)(CS), India Code Portal, Foreign Visit Management System,e-suvidha, Foreign Visit Management System, Government E-Marketing Portal, MS MS (Public Financial Management **System**) are operationalized with D/o Heavy Industry.

### **10.2.7 VIDEO Conferencing**

In order to make an effective and efficient interactions internally, inter-Ministry level as well as externally, Video conferencing setup has been operationalized from the conference room of DHI for last three years. With help of NIC VC control monthly PRAGATI meetings were organized. In addition to that ten big conferences on various Agenda with different entity including German, Singapore participants. For mini team conferences a desktop/web video conferences facility were organized to facilitate senior officers of DHI and CMDs of CPSEs.. During 18-19, in addition to PRGATI monthly meetings, Nine VC sessions have been organized. Some VCs on CPSEs board meetings, reviews on various issues were also organized through Skype too.

### **10.2.8 ICT infrastructure**

New Hardware/Software/Accessories have been incorporated to the sections as well as officers level for better performance to utilize the latest information technology. Various cyber security measurements have been taken by deploying more firewalls, manageable network equipment as per the security guidelines issued time to time by GOI. System for automatic patch



management and virus detections have also been upgraded to ensure virus free zone over the LAN/WAN/Email/Wifi services. Desktop BAS devises (32) , Tablet(5) based BAS devises are also installed and activated.

### 10.2.9 Social Media

As per the guideline of MeitY, an official twitter account of DHI(@heindustry) a been launched and maintained regularly by DHI. This will bridge the direct platform with Industry/citizens more effectively in sharing the information between them. Till now 147 tweets and 1,532 followers registered in this twitter account. Similarly under the initiative of MoS, an official facebook account <https://www.facebook.com/mhipegoi/> has been activated. Now it is strengthened with 8,812 likes and 8,905 followers.

### 10.2.10 IT in CPSEs of DHI

All CPSEs are asked to upgrade their ICT infrastructure with IPV6 compliance. Most of the CPSEs are having their own domain name and all are launched their websites for disseminating their progress. Their web links are made available in dhi website. In order to organize VC meetings and conferences few CPSEs are already setup VC studios. Some are having NICs desktop VC facility in which they used to organize internal meetings too. All are instructed to integrate with on line e-gov applications like e-tendering, GeM, PFMS etc. Some of the CPSEs are also equipped with VC studios. EPIL and Natrip already established email service with NIC. Nepa , EPIL already hosting their sites in Megraj cloud.


## 10.3 INTERNATIONAL COOPERATION

In furtherance of the objective of bringing the state of the art technologies in industry, DHI collaborated with various foreign countries and participated in following International meetings/ conferences / seminars:

- Secretary, HI met with Director General, Digital and Innovation Policy, German on 16<sup>th</sup>January, 2018 to discuss on Indo German cooperation on the issues relating to Machinery Safety, homologation process in automotive and electro mobility.
- JS (Auto) visited Tokyo, Japan during 13-16 February, 2018 to attend the 9<sup>th</sup> Jasic-India-Conference.
- After the stupendous success of its participation in 2015, 2016 and 2017 and in order to keep up the momentum as well as to explore areas of cooperation between India and Germany, Department of Heavy Industry headed by Secretary (HI) led a high level delegation alongwith Dir (HE&MT) to Hannover Messe, 2018, an International Engineering Fair at Hannover, Germany from 23-25 April, 2018. Hannover Messe is the biggest global industrial fair wherein latest technologies and trends in the industrial sector are showcased. Hannover Messe, organized by Deutsche Messe AG is world's number one technology Expo and a leading dialogue hub for business and government leaders. India Made an

impressive mark through a splendid display of its engineering and manufacturing prowess during 2015 edition of Hannover Messe as “Partner Country”. Ever since 2015, DHI has been regularly participating at this event. The purpose of the participant is to continue the brand building exercise under “Make in India”, to get first hand insight into the latest manufacturing technologies and to seek cooperation between India and developed nations of the world in the areas of advance manufacturing. This time the participation was focused specially with a view to explore global co-operation & understanding on Industry 4.0 wherein has taken the SAMARTH (Smart & Advanced Manufacturing and Rapid Transformation HUB) Udyog” initiative for facilitating adoption of I 4.0 by Indian SMEs was showcased.

- SDO (AUTO), DHI along with CEO, NATRIP were part of the Indian delegation led by the Ministry of Road Transport and Highways to attend 175<sup>st</sup> Session of WP-29(World Forum for Harmonization of Vehicle Regulations) held from 19-22 June, 2018 at Geneva. Representatives from ARAI and SIAM also participated in the event.
- Dir (OL) visited Mauritius during 18-20 August, 2018 to participate in 11<sup>th</sup> world Hindi Convention. The main theme of the Conference was "Hindi Vishwa Aur Bharatiy Sanskriti".
- Joint Secretary (Auto) DHI visited Amsterdam and Hannover from 18 to 21 September, 2018. The visit to Amsterdam was to discuss the best practices adopted for Electric Mobility in that Country; the visit to Hannover was for the informal meeting of the Co-Chair of the Indo-German Joint Working Group in conjunction with which 67<sup>th</sup> IAA Commercial Vehicles Expo was held on 21<sup>st</sup> September, 2018. During the visit to Netherlands, the Dutch side informed that their Government had fixed targets that by 2030 all new cars would be electric only and by 2050 the country will have only electric vehicles, i.e by 2050 all ICE vehicles will be phased out.
- Dir(SKS), DHI visited Singapore between 8-11 November, 2018 to attend Jurisdictional Hearing before Arbitration Tribunal in case of Nissan Motors Ltd vs. Republic of India.
- Joint Secretary (PE-XI) alongwith CMD BHEL visited Tunisia, Africa during 12-13 November, 2018 to attend General Assembly of ECCO. ECCO is a joint venture company of Public Electrical Works Company, Libya and the Ministry of Industry, Government of India with 51% Libyan & 49% Indian shareholding. The General Assembly(GA) for ECCO is a shareholder’s assembly, consisting two members one from Libyan side (Chairman of Libyan Electricity Holding Company, who is also the President of GA) & one from

- 
- Indian side (DHI nominated Shri AtulSobti, CMD/BHEL as a member of the GA and Shri PravinAgrawal, Joint Secretary DHI as a director on the Board of ECCO).
- A meeting between the delegations from Czech Republic headed by H.E Tomas Huner, Hon'ble Minister, Industry and Trade of the Czech Republic and Shri AnantG. Geete, Hon'ble Minister (HI&PE) was held on 6th March, 2018 to discuss on strengthening bilateral cooperation in different areas including automotive industry and heavy engineering industry and role of Czech Companies in enhancing trade exchange and mutual cooperation with India.
  - A German delegation headed by Dr. Jasper Wieck, Charge d'affairs, German Embassy met with Secretary, HI on 2nd May, 2018 to discuss German automobile companies regarding the recent increase in custom duty on specified automobile parts and also touched upon the draft Automobiles Policy formulated by Department Heavy Industry.
  - JS(HE&MT) visited Germany during 14-18 January, 2019 to attend the Indo-German Joint Working group (JWG) on Quality Infrastructure for cooperation in Standardisation, Conformity Assessment and Product Safety. The German Federal Ministry for Economic Affairs and Energy (BMWi) and Ministry of Consumer Affairs, Food & Public Distribution of India Collaborate through the Indo-German Working Group to enhance and strengthen technical cooperation in the field of Standardisation, Conformity Assessment and Product Safety. The annual meeting of the Indo-German Working Group is held once every year in month of January alternately in Germany and in India. A 3-member Indian delegation visited Germany during 14-18 January 2019 for exchanging views on standardisation issues in Industry 4.0, on consumer protection and market surveillance within the framework of bilateral cooperation within the Indo-German (JWG), as also to finalise the Work Plan for 2019. One of the delegations was JS (HE&MT), Department of Heavy Industry.

- 11.1 Various provisions of RTI Act and the like instructions issued by the Government of India, Department of Personnel and Training and the Central Information Commission have been implemented in the Department of Heavy Industry. The Central Public Sector Enterprises under the administrative control of the Department, separate public authorities under RTI Act, have also been enjoined upon to implement the provisions of the RTI Act.
- 11.2 The web portal 'RTI On-line' launched by DoPT has been made operational in Department of Heavy Industry with effect from 18/7/2013. All the officers of the level of Under Secretary or equivalent have been designated as CPIOs and all officers at the level of Director/Deputy Secretary or equivalent have been designated as First Appellate Authority under the RTI Act. In addition, officer of the rank of Director/Deputy Secretary is designated as Transparency Officer to ensure suo motu disclosure of information on the website of the Department in terms of Section 4(1) (b) of RTI Act, 2005.
- 11.3 Based on the guidelines issued by the Department of Personnel & Training on the basis of recommendations of Task Force, for the implementation of suo motu disclosure of information in terms of Section 4(1) (b) of RTI Act, 2005, various steps have been taken in the Department for suo motu disclosure and updating the information on the website of the Department. An officer of the rank of Joint Secretary has been designated as Nodal Officer for ensuring compliance with these pro-active disclosure guidelines.
- 11.4 For the effective and quick disposal of RTI applications/appeals, Government had decided to integrate the CPSEs/Autonomous Bodies with the 'RTI on-line' Portal of DoP&T. As a part of implementation of this decision of Government, the Nodal officer of RTI matter of CPSEs under Department of Heavy Industry have been provided necessary training through DoP&T.
- 11.5 The RTI logo is being used on the printed stationery used in the Department. The Quarterly RTI returns were submitted to CIC online by the Department and the CPSEs under DHI.
- 11.6 During the year 2017-18, 653 applications and 56 appeals under RTI were received in the Department and 613 applications and 52 appeals disposed off. For the period 1.4.2018 to 31.12.2018, 626 applications and 35 appeals have been received, and 589 applications and 34 appeals were disposed off.

## Allocation of Business to the Department of Heavy Industry

### INFORMATION IN RESPECT OF ADMINISTRATION SECTION

Department of Heavy Industry used to be one of the Departments of Ministry of Industry. With effect from 15<sup>th</sup> October, 1999, a separate Ministry viz. Ministry of Heavy Industries & Public Enterprises has been created. The Ministry comprises of the Department of Heavy Industry and Department of Public Enterprises. The Department of Heavy Industry is looking after the following items of work:

#### A) Work relating to following CPSEs:-

- 1 Heavy Engineering Corporation Limited
- 2 Engineering Projects (India) Limited
- 3 Bharat Heavy Electricals Limited

#### Subsidiaries:

- (i) BHEL Electrical Machines Limited

#### Joint Venture

- (ii) NTPC BHEL Power Projects (Private) Limited

- 4 HMT Limited

#### Subsidiaries:

- (i) HMT (International) Limited
- (ii) HMT (Machine Tools) Limited

- 5 Scooters India Limited

- 6 Andrew Yule and Company Limited

#### Subsidiaries:

- (i) Hooghly Printing Company Limited

- 7 Cement Corporation of India Limited
- 8 Hindustan Paper Corporation Limited

#### Subsidiaries:

- (i) Nagaland Pulp and Paper Company Limited
- (ii) Hindustan Newsprint Limited
- (iii) Jagdishpur Paper Mills Limited

- 9 Hindustan Salts Limited

#### Subsidiary:

- (i) Sambhar Salts Limited

- 10 Rajasthan Electronics and Instruments Limited

- 11 NEPA Limited

- 12 Braithwaite, Burn & Jessop Construction Limited

- 13 Bharat Pumps and Compressors Limited

- 14 Richardson and Cruddas (1972) Limited

- 15 Bridge and Roof Company (India) Limited

#### CPSEs/Subsidiaries of CPSEs liquidated/ under liquidation, wound up /winding up, closed/ under closure, transferred to other Departments/ Organizations:

1. Bharat Ophthalmic Glass Limited
2. Bharat Leather Corporation Limited
3. Tannery and Footwear Corporation of India Limited

4. Rehabilitation Industries Corporation
5. Bharat Yantra Nigam Limited
6. National Bicycle Corporation of India Limited
7. National Industrial Development Corporation Limited
8. Mining and Allied Machinery Corporation Limited
9. Cycle Corporation of India Limited
10. Jessop and Company Limited
11. Lagan Jute Machinery Company Limited
12. Reyrolle Burn Limited
13. Weighbird (India) Limited
14. Bharat Brakes and Valves Limited
15. Bharat Process and Mechanical Engineers Limited
16. Mandaya National Paper Mills Limited
17. Tyre Corporation of India Limited
18. TriveniStructurals Limited
19. HMT(Bearing) Limited
20. HMT (Watches) Limited
21. HMT (Chinar Watches) Limited
22. HMT Ltd- (Tractor Division, Pinjore only)
23. Tungabhadra Steel Plants Limited
24. Hindustan Cables Limited
25. Hindustan Photo Films Manufacturing Company Limited
26. Instrumentation Limited (Kota Unit-Under Closure & Palakkad Unit- Under Transfer to concerned State Govt.

**(B) Autonomous Bodies:**

- i) Fluid Control Research Institute (FCRI).
- ii) The Automotive Research Association of India (ARAI)
- iii) NATRIP Implementation Society (for the Implementations of National Automotive Testing and Research & Development Infrastructure Project)
- iv) National Automotive Board (NAB).
- v) Central Manufacturing Technology Institute (CMTI)

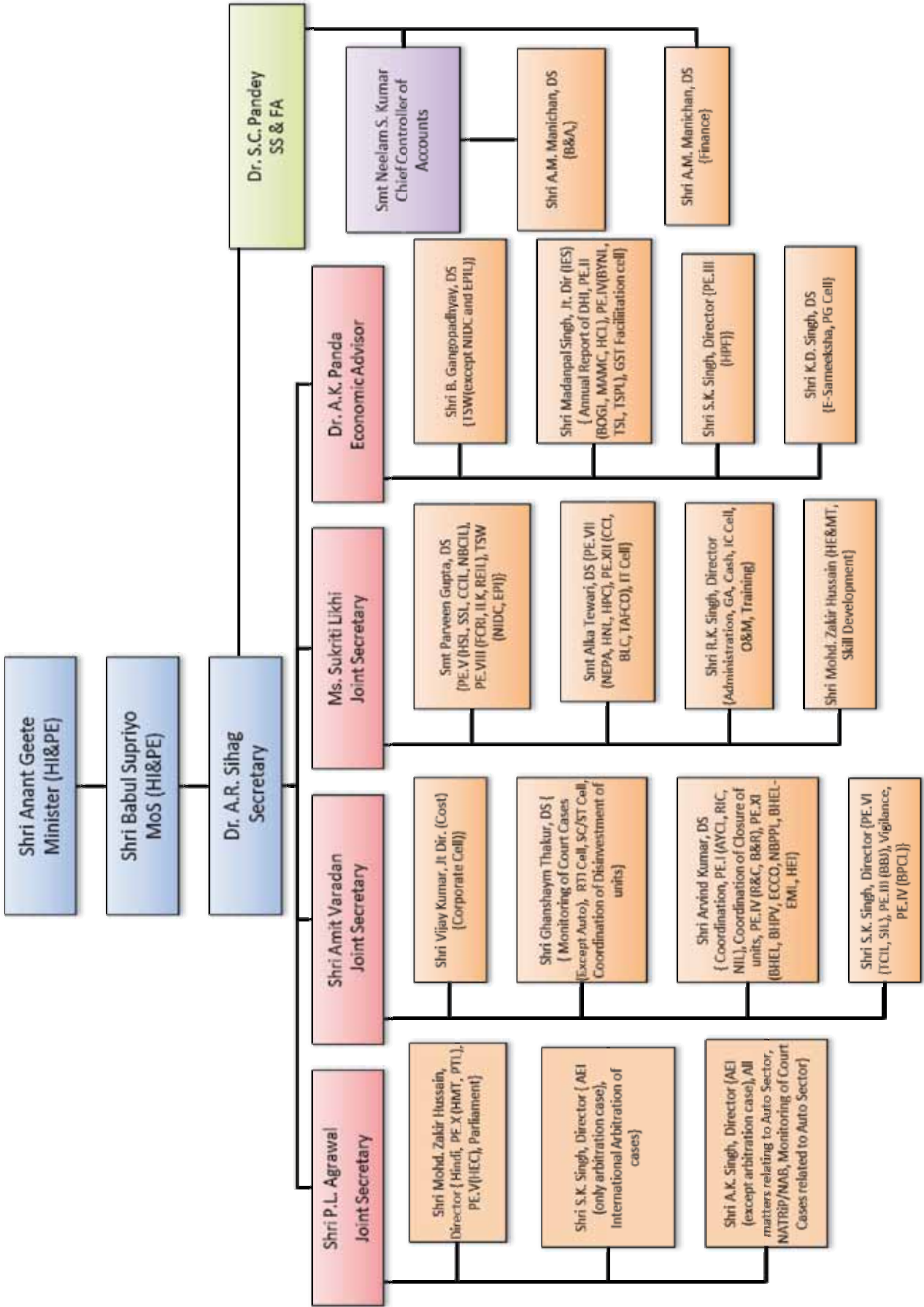
**(C) Other Subjects:**

1. Manufacture of Heavy Engineering Equipment for all industries
2. Heavy Electrical Engineering Industries
3. Machinery Industries including Machine Tools and Steel Plant Equipment
4. Auto Industries, including Tractors and Earth Moving Equipment
5. All Type of diesel engines including automobile engines
6. Development Council for Heavy Electrical and Allied Industries.
7. Development Council for Textile Machinery Industry
8. Development Council for Machine Tools Industry
9. Development Council for Automobile and Allied Industries
10. Electrical Construction Company (A Joint Venture between Govt. of India and Govt. of Libya).

## List of Central Public Sector Enterprises under Department of Heavy Industry (along with disinvestment/closure status))

Sl. No.	Name of CPSE	STATUS OF CPSE
1	Andrew Yule and Company Ltd. (AYCL)	---
2	Bharat Heavy Electricals Ltd. (BHEL)	MAHARATNA
3	Bharat Pumps and Compressors Ltd. (BPCL)	MINIRATNA UNDER DISINVESTMENT
4	BHEL – Electrical Machines Ltd. (BHEL-EML)	---
5	Braithwait, Burn and Jessop Construction Ltd. (BBJ)	---
6	Bridge and Roof Company Ltd. (B&R)	MINIRATNA / UNDER DISINVESTMENT
7	Cement Corporation of India Ltd. (CCI)	UNDER DISINVESTMENT
8	Engineering Projects (India) Ltd. (EPI)	MINIRATNA / UNDER DISINVESTMENT
9	H.M.T. International Ltd.	MINIRATNA
10	H.M.T. Ltd.	---
11	H.M.T. Machine Tools Ltd.	---
12	Heavy Engineering Corporation Ltd. (HEC)	---
13	Hindustan Cables Ltd. (HCL)	UNDER CLOSURE
14	Hindustan Newsprint Ltd.	MINIRATNA / UNDER DISINVESTMENT
15	Hindustan Paper Corporation Ltd. (HPC)	MINIRATNA
16	Hindustan Photo Films Manufacturing Company Ltd. (HPF)	UNDER LIQUIDATION
17	Hindustan Salts Ltd. (HSL)	---
18	HMT Bearing Ltd.	UNDER CLOSURE
19	HMT Chinar Watches Ltd.	UNDER CLOSURE
20	HMT Watches Ltd.	UNDER CLOSURE
21	Hooghly Printing Co. Ltd.(HOOGHLY)	---
22	Instrumentation Ltd. (ILK)	UNDER CLOSURE
23	N.E.P.A. Ltd. (NEPA)	---
24	Nagaland Pulp and Paper Company Ltd. (NPPC)	---
25	Rajasthan Electronics and Instruments Ltd. (REIL)	MINIRATNA
26	Richardson and Cruddas Ltd. (R &C)	---
27	Sambhar Salts Ltd. (SSL)	---
28	Scooters India Ltd. (SIL)	UNDER DISINVESTMENT
29	TriveniStructurals Ltd. (TSL)	UNDER LIQUIDATION
30	Tungabhadra Steel Products Ltd. (TSPL)	UNDER CLOSURE
31	Tyre Corporation of India Ltd. (TCIL)	UNDER LIQUIDATION

Organogram as on 31.03.2019





## GENERAL INFORMATION ABOUT CPSEs UNDER DHI

Sl. No.	Name of PSE and location of Registered Office	Year of setting up of CPSE	Gross Block as on 31.3.2019 (₹in crore)
1	Andrew Yule & Co. Ltd., (AY&CL), Kolkata	1919	183.33
2	Hooghly Printing Co. Ltd., Kolkata	1979	6.35
3	Bharat Heavy Electricals Ltd., (BHEL), New Delhi	1964	6232.00
4	BHEL-EML	2011	10.50
5	Braithwaite, Burn & Jessop Construction Co. Ltd., (BBJ), Kolkata	1987	22.81
6	Bharat Pumps & Compressors Ltd., (BPCL) Allahabad.	1970	105.12
7	Richardson & Cruddas (1972) Ltd., (R&C) Mumbai	1973	28.56*
8	Bridge and Roof Co.(India) Ltd., (B&R) Kolkata.	1920	61.22*
9	Heavy Engineering Corpn.Ltd., (HEC), Ranchi.	1958	390.25
10	HMT Ltd., ( Holdg Co.), Bangalore.	1953	130.05
11	HMT (Machine Tools) Ltd., Bangalore.	2000	319.30
12	HMT (International)	1974	8.40
13	Rajasthan Electronics & Instruments Ltd., (REIL) Jaipur	1981	51.32
14	Scooters India Ltd., (SIL), Lucknow.	1972	72.00
15	Cement Corpn. of India Ltd. (CCI), New Delhi.	1965	697.16*
16	Hindustan Paper Corporation Ltd. (HPC), Kolkata.	1970	951.47*
17	Hindustan Newsprint Ltd., ( HNL), Vellore, Kottayam.	1983	511.09*
18	Hindustan Salts Ltd., (HSL), Jaipur.	1958	17.17*
19	Sambhar Salts Ltd., (SSL)Jaipur.	1964	37.00*
20	Nepa Ltd ., (NEPA), Nepa Nagar.	1947	107.80*
21	Engineering Projects (India) Ltd., (EPI), New Delhi.	1970	8.38
22	Nagaland Pulp & Paper Company Limited (NPPC), Dist. Mokokchyng, Nagaland	1971	64.88*
	<b>TOTAL:</b>		<b>10016.16</b>

\* as on 31.3.2018

## ANNEXURE-IV

## Employment Position including SC, ST &amp; OBC as on 31.3.2019 in CPSEs under DHI

Sl. No.	Name of CPSE	TOTAL NO. OF EMPLOYEES				Number of Employees			
		Executives	Supervisors	Workmen/ Others	Total	SC	ST	OBC	PWDs & their %
1	2	3	4	5	6	7	8	9	10
1	AYCL	206	90	14426	14722	2345	4085	6675	80
2	Hooghly Ptg.	0	0	0	0	0	0	0	0
3	BHEL	10420	6862	18189	35471	7255	2522	11846	905
4	BBJ	50	7	53	110	7	0	5	0
5	BHEL-EML	17	6	145	168	12	6	113	3
6	BPCL	53	15	150	218	39	1	58	1
7	R&C	4*	2*	3*	9*	1*	0*	4*	0*
8	B&R	686*	348*	226*	1260*	147*	8*	66*	21*
9	HEC	676	107	719	1502	328	335	297	18
10	HMT (Hldg Co.)	38	1	62	101	17	3	19	3
11	HMT (MT)	374	21	851	1246	243	54	389	17
12	HMT (Int.)	23	1	1	25	1	1	6	0
13	REIL	84	70	85	239	48	10	56	4
14	SIL	70	9	278	357	77	1	132	0
15	CCI	149	157	247	553	85	48	115	3
16	HPC	193	83	957	1233	152	136	14	0
17	HNL	80	22	297	399	43	1	159	12
18	HSL	19	22	52	93	14	2	22	3
19	SSL	8	16	63	87	22	5	32	1
20	NEPA	148	0	378	526	30	8	47	1
21	EPIL	287	30	10	327	52	11	61	2
22	NPPC	1	1	93	95	2	77	6	0
	<b>TOTAL</b>	<b>13586</b>	<b>7870</b>	<b>37285</b>	<b>58741</b>	<b>10920</b>	<b>7314</b>	<b>20122</b>	<b>1074</b>

\* as on 31.3.2018

### PRODUCTION PERFORMANCE OF CPSEs UNDER DHI

(₹ in crores)

Sl. No.	Name of CPSE	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Anticipated)	2019-20 (Tentative)
1	2	3	4	5	6	7
1	AYCL	347.62	369.88	346.53	315.76	383.40
2	Hooghly Printing	17.38	16.18	9.34	1.09	17.00
3	BHEL	25091.00	27740.00	27850.00	29349.00	33000.00
4	BHEL-EML	40.96	32.13	14.42	18.65	42.49
5	BBJ	166.61	98.30	72.88	113.52	190.00
6	BPCL	69.67	76.01	76.28	62.39	77.08
7	R&C	20.21	20.76	17.00	25.00	NA
8	B&R	1707.01	1746.44	2048.24	3078.28	2900.00
9	HEC	340.68	364.84	393.38	349.26	NA
10	HMT(Holding Co.)	37.18	19.38	12.05	17.01	18.00
11	HMT(MT)	201.44	183.83	163.15	238.83	254.00
12	HMT(International)	33.91	23.98	24.95	57.31	55.00
13	REIL	214.32	230.37	242.88	270.00	290.00
14	SIL	110.77	99.82	31.08	66.92	140.00
15	CCI	392.89	336.30	321.45	326.24	356.27
16	HPC	428.59	183.72	0.00	0.00	0.00
17	HNL	342.80	324.64	237.45	167.35	258.00
18	HSL	4.51	5.82	6.88	7.26	26.00
19	SSL	18.41	20.51	20.62	20.15	38.00
20	NEPA	57.78	20.68	30.16	0.00	75.00
21	EPI	1295.46	1621.45	1607.41	1700.00	1600.00
22	NPPC	0.00	0.00	0.00	0.00	0.00
	<b>Total:</b>	<b>30939.20</b>	<b>33535.04</b>	<b>33526.15</b>	<b>36184.02</b>	<b>39720.24</b>

## Annexure-VI

## PROFIT(+) LOSS (-) (BEFORE TAX) OF CPSEs UNDER DHI.

(₹ in crores)

Sl. No.	Name of CPSE	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Anticipated)	2019-20 (Tentative)
1	2	3	4	5	6	7
<b>(A) PROFIT MAKING CPSEs</b>						
1	AYCL	9.27	38.50	23.57	8.72	1.52
2	R&C	-10.07	14.94	16.45	18.45	20.00
3	B&R	5.03	30.08	26.07	51.60	58.00
4	BBJ	68.89	27.04	4.62	3.75	18.80
5	CCI	53.51	42.33	17.99	5.37	7.47
6	HMT(Hldg. Co.)	-17.29	-236	-2.05	16.89	15.11
7	HMT(I)	0.58	0.06	0.14	3.00	5.67
8	BHEL	-1164.00	628.00	1585.00	2058.00	1250.00
9	HSL	-1.13	0.40	1.84	1.25	1.60
10	REIL	17.78	17.37	6.22	13.65	13.84
<b>Sub-total for (A) Profit making Companies</b>		<b>-1037.43</b>	<b>562.72</b>	<b>1679.85</b>	<b>2180.68</b>	<b>1392.01</b>
<b>(B) LOSS MAKING CPSEs</b>						
11	Hooghly Printing	0.13	-0.03	-3.67	-3.09	0.25
12	SIL	5.48	-10.26	-18.70	-4.63	8.61
13	BPCL	-60.00	-81.89	-46.30	-42.75	-37.65
14	HEC	-144.77	-82.27	446.00	-54.17	NA
15	HNL	-43.61	-60.15	-94.07	-62.10	-40.00
16	HPC	-389.96	-369.26	-254.05	0.00	0.00
17	HMT(M. Tools)	-115.56	-127.95	-125.42	-58.59	-81.74

Sl. No.	Name of CPSE	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Anticipated)	2019-20 (Tentative)
1	2	3	4	5	6	7
18	NEPA	-70.12	-68.62	30.12	-64.00#	-50.00
19	BHEL-EML	-2.98	-3.79	-6.05	-5.46	-3.68
20	NPPC	NA	NA	NA	NA	NA
21	SSL	-8.90	-8.55	-2.58	-8.63	-7.00
22	EPI	38.19	4.12	1.71	-29	3.25
<b>Sub-total (B) Loss making Companies.</b>		<b>-792.10</b>	<b>-808.65</b>	<b>-73.01</b>	<b>-332.42</b>	<b>-207.96</b>
<b>GRAND TOTAL (A &amp; B)</b>		<b>-1829.53</b>	<b>-245.93</b>	<b>1606.84</b>	<b>1848.26</b>	<b>1184.05</b>

# upto 31st March, 2018

## SALARY/WAGE BILL &amp; SOCIAL OVERHEADS AS % OF TURNOVER OF CPSEs UNDER DHI

Sl. No.	Name of PSE	Wages and salaries as % of Turnover					Social overheads as % of Turnover				
		2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Anti-cipated)	2019-20 (Tentative)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Anti-cipated)	2019-20 (Tentative)
1	2	3	4	5	6	7	8	9	10	11	12
1	AYCL	41.57	37.60	45.88	40.60	44.45	4.23	4.78	4.84	4.58	4.60
2	Hoogly Ptg.	17.09	18.19	37.23	248.00	16.35	0.00	0.00	0.00	0.00	0.00
3	BHEL	21.00	19.00	22.00	21.00	19.00	2.90	2.6	2.7	2.6	2.3
4	BBJ	10.81	17.35	21.77	18.95	10.18	0.42	0.91	0.87	0.97	0.84
5	BHEL-EML	18.50	25.30	57.00	41.00	20.90	0.00	0.00	0.00	0.00	0.00
6	BPCL	84.90	80.90	64.60	55.17	39.00	1.90	1.40	1.35	1.30	1.10
7	R&C	2.36	3.31	2.68	3.75	3.75	0.00	0.00	0.00	0.00	0.00
8	B&R	8.99	9.46	8.29	7.02	8.20	1.41	1.51	1.94	1.79	2.17
9	HEC	28.52	26.73	29.12	30.39		-1.20	-0.23	-0.52	-0.29	NA
10	HMT(Hldg)	148.13	95.07	78.13	50.46	45.95	11.24	6.21	2.71	1.73	1.55
11	HMT(MT)	62.71	63.96	67.48	46.45	37.60	11.52	10.52	10.33	5.10	6.40
12	HMT (I)	15.54	14.34	10.02	4.75	8.25	0.86	1.71	1.16	0.51	0.53
13	REIL	10.22	9.70	11.50	11.00	11.10	1.57	1.43	2.32	2	2
14	SIL	23.27	28.48	45.90	34.93	12.00	NA	NA	NA	NA	NA
15	CCI	11.60	15.11	15.32	15.57	15.11	4.47	9.54	6.87	6.98	6.78
16	HPC	17.98	31.71	73.94	77.64	0.00	7.32	9.44	9.62	10.10	0.00
17	HNL	14.41	15.24	15.92	25.70	25.00	1.66	3.51	2.06	1.98	1.90
18	HSL	164.48	104.26	100.67	74.15	40.00	8.04	3.67	3.4	3.65	1.60
19	SSL	38.72	43.35	41.10	36.48	30.00	3.32	3.74	1.86	3.14	2.70
20	NEPA	8.32	8.15	8.40	8.65	8.91	0.00	0.00	0.00	0.00	0.00
21	EPIL	5.18	4.21	4.12	3.94	4.38	0.87	0.58	0.77	0.47	0.56
22	NPPC	8.32	8.15	8.40	8.65	8.91	0.00	0.00	0.00	0.00	0.00

## ORDER BOOK POSITION OF CPSEs under DHI

(₹ in crores)

Sl. No.	CPSE	As on 1.10.2014	As on 1.10.2015	As on 1.10.2016	As on 1.10.2017	As on 1.10.2018
1	2	3	4	5	6	7
1	AYCL	90.63	65.43	113.81	141.69	161.77
2	HooghyPtg	0	0.00	0.00	0.00	0.00
3	BHEL	103700.00	112300.00	103300.00	97090.00	115533.00
4	BBJ	124.54	360.70	414.93	426.63	638.87
5	BHEL-EML	15.73	47.97	33.50	21.32	23.26
6	BPCL	116.49	154.35	137.02	105.54	88.80
7	R&C	35.44	15.92	19.17	11.67	8.60
8	B&R	964.80	1255.79	834.10	1489.16	2004.07
9	HEC	1386.10	1460.21	1139.26	1056.24	863.02
10	HMT(Hldg)	6.12	3.02	6.30	5.98	3.90
11	HMT(MT)	79.45	82.18	65.89	49.43	114.65
12	HMT(I)	7.95	3.29	11.22	5.10	122.45
13	REIL	71.54	67.40	202.67	167.86	129.43
14	SIL*	-	-	-	-	-
15	CCI	3.39	5.93	6.67	5.26	1.82#
16	HPC	NA	NA	NA	NA	NA
17	HNL	NA	NA	NA	NA	NA
18	HSL	3.29	5.46	3.45	3.63	4.03
19	SSL	3.09	8.23	8.84	10.20	11.06
20	NEPA	54.95	53.26	7.76	0.00	0.00
21	EPIL	7099.61	9811.61	9669.89	8651.67	5805.79
22	NPPC	NA	NA	NA	NA	NA
	<b>TOTAL</b>	<b>113763.12</b>	<b>125700.75</b>	<b>115974.48</b>	<b>109241.38</b>	<b>125514.52</b>

\*Goods are produced for stock and sale hence not applicable

# as on 31<sup>st</sup> March,2019.

## EXPORT PERFORMANCE OF CPSEs UNDER DHI

(₹ in crores)

Sl. No.	PSEs	2014-15 (Actual)			2015-16 (Actual)			2016-17 (Actual)			2017-18 (Actual)			2018-19 (Anticipated)		
		Physical	Deemed	Total	Physical	Deemed	Total	Physical	Deemed	Total	Physical	Deemed	Total	Physical	Deemed	Total
1	AYCL	1.85		1.85	4.66		4.66	1.91		1.91	3.71		3.71	2.19		2.19
2	BHEL	1418.00	11539.00	12957.00	1265.00	10300.00	11565.00	1178.00	8779.00	9957.00	824.00	4051.00	4875.00	3808	5827.00	9635.00
3	BPCL		12.03	12.03		9.76	9.76		1.75	1.75		1.55	1.55		2.00	2.00
4	B&R	3.70		3.70	0.00		0.00	0.00		0.00	0.25		0.25	0.00		0.00
5	HEC	0.00		0.00			0.00			0.00			0.00			0.00
6	HMT(MT)	NA	NA	0.00	NA	NA	NA	NA	NA	NA	NA	NA	0.00	NA	NA	0.00
7	HMT(I)	33.40		33.40	33.91		33.91	23.98		23.98	24.95		24.95	57.31		57.31
8	REIL	1.54	0	1.54	0.23	0	0.23	0.22	0	0.22	0.19	0	0.19	0.04	0	0.04
9	SIL	0		0.00	0		0.00	0		0.00			0.00	0		0.00
10	HSL	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00			0.00
11	BHEL-EMIL	0.77	0.00	0.77	0.49	0.00	0.49	1.45	0.00	1.45	0.34		0.34	0.58		0.58
12	EPIL	591.42	0.00	591.42	497.78	0.00	497.78	550.97	0.00	550.97	795.45	0.00	795.45	1150.00	0.00	1150.00
13	HPC	0.090		0.090	0.18		0.18	0.00	0.00	0.00			0.00			0.00
	<b>Total</b>	<b>2050.77</b>	<b>11551.03</b>	<b>13601.80</b>	<b>1802.25</b>	<b>10309.76</b>	<b>12112.01</b>	<b>1756.53</b>	<b>8780.75</b>	<b>10537.28</b>	<b>1648.89</b>	<b>4052.55</b>	<b>5701.44</b>	<b>5018.12</b>	<b>5829.00</b>	<b>10847.12</b>



**PAID UP CAPITAL, NETWORTH AND ACCUMULATED PROFIT(+)/LOSS(-)  
OF THE CPSES AS ON 31.3.2019 UNDER DHI**

(₹ in crores)

Sl. No.	Name of CPSE	Paid up capital		Networth	Accumulated Profit (+)/Loss (-)
		Government/ Holding CPSE	Others		
1	2	3	4	5	6
1	AYCL	87.27	10.52	183.33	59.73
2	HOOGHLY PTG	1.03	0.00	-3.93	-3.09
3	BHEL	439.92	256.49	31400.00	30703.00
4	BBJ	120.86	0.00	220.4	99.54
5	BHEL-EML	10.50	0	-8.28	-18.78
6	BPCL	53.53	0.00	-190.96	-279.44
7	R&C	156.61	0.00	-272.63	-429.24
8	B&R	54.63	0.36	338.37	283.38
9	HEC	606.08	0.00	49.89	-651.82
10	HMT(Holding Co.)	279.57	76.03	117.18	-238.42
11	HMT(MT)	276.60	0.00	-1288.94	-1588.25
12	HMT(I)	0.72	0.00	35.60	34.88
13	REIL	6.25	6.00	112.35	100.10
14	SIL	81.92	5.34	66.05	-21.27
15	CCI	811.41*#	0.00*	3.64*	-788.46*
16	HPC	835.30*	0.00*	-1087.24*	-1960.00*
17	HNL	99.99*	0.00*	-80.69*	-180.68*
18	HSL	52.06	0.00	47.02	-13.01
19	SSL	1.00	0.00	-44.48	-52.95
20	NEPA	584*	0.65*	-19.29*	30.12*
21	EPIL	35.42	0.007	232.36	196.94
22	NPPC	117.75	0.00	-87.4	-162.03
	<b>TOTAL:</b>	<b>4712.42</b>	<b>355.40</b>	<b>29722.35</b>	<b>25120.25</b>

\* as on 31st March,2018

# including preferential share of ₹355.43 crore

**Important Audit observation from Comptroller & Auditor General of  
India Report for 2018-19**

**Chapter-VI of the Report No. 11 of 2018 is related to Department of Heavy Industry.**

**Bharat Heavy Electricals Limited**

**1. Avoidable payment of customs duty and safeguard duty**

Bharat Heavy Electricals Limited, Trichy unit did not obtain the amendments to the advance authorisation for import of seamless carbon steel tubes in time and consequently made avoidable payment of customs duty (including safeguard duty) amounting to ₹5.71 crore.

**(Para No.6.1, Report No.11 of 2018)**

**Hindustan Paper Corporation Limited**

**2. Diversion of funds in violation of Government orders**

Hindustan Paper Corporation Limited diverted funds sanctioned by Government of India towards revival plan of its subsidiary company vitiating the objectives of the revival scheme.

**(Para No.6.2, Report No.11 of 2018)**

# Abbreviations

AAIFR	Appellate Authority of Industrial & Financial Reconstruction	CCI	Cement Corporation of India Limited
ACMA	Auto Components Manufacturers Association	CCIL	Cycle Corporation of India Limited
ARAI	Automotive Research Association of India	CEA	Central Electricity Authority
AYCL	Andrew Yule & Company	CCEA	Cabinet Committee on Economic Affairs
BBJ	Braithwaite, Burn & Jessop Construction Company Limited	CNC	Computer Numerically Controlled
BBUNL	Bharat Bhari Udyog Nigam Limited	CPSE	Central Public Sector Enterprise
BEML	BHEL Electrical Machines Ltd.	EFV	Environmentally Friendly Vehicle
BHEL	Bharat Heavy Electricals Limited	EOT	Electrically Operated Trolley
BHPV	Bharat Heavy Plate & Vessels Limited	EPC	Engineering Procurement and Construction
BIFR	Board of Industrial & Finance Reconstruction	EPI	Engineering Projects (India) Limited
BLC	Bharat Leather Corporation Limited	FCRI	Fluid Control Research Institute
BOGL	Bharat Ophthalmic Glass Limited	FFP	Foundry Forge Plant
BPCL	Bharat Pumps & Compressors Limited	HCL	Hindustan Cables Limited
BPME	Bharat Process & Mechanical Engineers Limited	HMBP	Heavy Machine Building Plant
BCL	Braithwaite & Company Limited	HMT(I)	HMT (International) Limited
BWEL	Bharat Wagon & Engineering Company Limited	HMTP	Heavy Machine Tools Plant
BYNL	Bharat Yantra Nigam Limited	HPC	Hindustan Paper Corporation Limited
BRPSE	Board for Reconstruction of Public Sector Enterprises	HNL	Hindustan Newsprint Limited
		HPF	Hindustan Photo Films Manufacturing Company Limited
		HSL	Hindustan Salts Limited
		IL	Instrumentation Limited
		ICGCC	Integrated Coal Gasification Combined Cycle

ICEMA	Indian Construction Equipment Manufacturers Association	NATRIP	National Automotive Testing and Research & Development Infrastructure Project
IMTMA	India Machine Tools Manufacturers Association	NAB	National Automotive Board
JPML	Jagdishpur Paper Mills Limited	PAT	Profit After Tax
JVC	Joint Venture Company	PBT	Profit Before Tax
JESSOP	Jessop Company Limited	PSE	Public Sector Enterprise
KV	Kilo Volt	PMMAI	Plastic Moulding Machinery Association of India
KW	Kilo Watt	PPMAI	Process Plant and Machinery Association of India
LAGAN JUTE	Lagan Jute Machinery Company Limited	PTL	Praga Tools Limited
OA	Operating Agency	R&C	Richardson & Cruddas (1972) Limited
MAMC	Mining & Allied Machinery Corporation Limited	RIC	Rehabilitation Industries Corporation Limited
MAX	Main Automatic Exchange	RTI	Right to Information Act
MoU	Memorandum of Understanding	SIL	Scooters India Limited
MoHI&PE	Minister of Heavy Industries & Public Enterprises	SSL	Sambhar Salts Limited
MT	Metric Tonne	TAFCO	Tannery & Footwear Corporation of India Limited
MUL	MarutiUdyog Limited	TAGMA	Tools and Gauge Manufacturers Association of India
MVA	Mega Volt Amperes	TCIL	Tyre Corporation of India Limited
MW	Mega Watt	TMMA	Textile Machinery Manufacturers Association
NBCIL	National Bicycle Corporation of India Limited	TSL	Triveni Structural Limited
NEPA	NEPA Limited	TSPL	Tungabhadra Steel Products Limited
NPCIL	Nuclear Power Corporation of India Limited	VRDE	Vehicle Research Development Establishment
NIDC	National Industrial Development Corporation Limited	WIL	Weighbird (India) Limited



## Department of Public Enterprises

### Vision

“Effective, Profitable and Globally Competitive  
Central Public Sector Enterprises”

### Mission

**“To continuously improve management and performance of CPSEs  
through Corporate Governance, Performance Evaluation, Human Resource Management,  
Research & Development so as to enhance their global competitiveness”**



# Department of Public Enterprises (DPE)

1. 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 in the Ministry of Finance. Subsequently, 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 known as the Department of Public Enterprises (DPE). Presently, it is part of the Ministry of Heavy Industries & Public Enterprises.
2. The Department of Public Enterprises is the nodal department for all the Central Public Sector Enterprises (CPSEs) and formulates policy pertaining to CPSEs. It lays down, in particular, policy guidelines on performance improvement and evaluation, autonomy and financial delegation and personnel management in CPSEs. It furthermore collects and maintains information in the form of a Public Enterprises Survey on several areas in respect of CPSEs.
3. In fulfilling its role, the Department coordinates with other Ministries, CPSEs and concerned organisations. As per the Allocation of Business Rules of the Government, the following subjects have been allocated to the DPE:
  - Residual work relating to erstwhile Bureau of Public Enterprises including Industrial Management Pool.
  - Coordination of matters of general policy affecting all Public Sector Enterprises.
  - Evaluation and monitoring the performance of Public Sector Enterprises, including the Memorandum of Understanding mechanism.
  - Matters relating to Permanent Machinery of Arbitration for the Public Sector Enterprises.
  - Counselling, training and rehabilitation of employees in Central Public Sector Undertakings under Voluntary Retirement Scheme.
  - Review of capital projects and expenditure in Central Public Sector Enterprises.
  - Measures aimed at improving performance of Central Public Sector Enterprises and other capacity building initiatives of Public Sector Enterprises.
  - Rendering advice relating to revival, restructuring or closure of Public Sector Enterprises including the mechanisms therefor.

- Matters relating to Standing Conference of Public Enterprises.
  - Matters relating to International Center for Public Enterprises.
  - Categorisation of Central Public Sector Enterprises including conferring 'Ratna' status.
- Survey of Public Enterprise
4. Department of Public Enterprises is headed by Secretary to the Government of India who is assisted by an establishment with an overall sanctioned strength of 119 officers/ personnel. The organizational structure of DPE is at **Annexure-I**



### 1.1 Public Enterprises Survey

The Department of Public Enterprises brings out the Public Enterprises Survey on the performance of Central Public Sector Enterprises (CPSEs), which is laid in the Parliament every year during Budget session. The Public Enterprises Survey 2017-18 (58<sup>th</sup> in series) was laid before Houses of Parliament during the Winter Session of Parliament.

### 1.2 Performance of CPSEs, during the year 2017-18, is summarized below:

There were 339 Central Public Sector Enterprises under the administrative control of various Ministries / Departments as on 31.3.2018. Out of these 339 CPSEs, 257 were in operation and 82 CPSEs were yet to commence business.

Out of 257 operating CPSEs as many as 184 CPSEs showed profit during 2017-18, 71 CPSEs incurred losses during the year. The 'profit' of profit making CPSEs (184) was ₹.1,59,635 crore in 2017-18. The 'loss' of loss making enterprises (71) stood at ₹.31,261 crore during the year. The overall net profit of the 257 operating CPSEs went up by 2.29% to ₹1,28,374 crore in 2017-18 from ₹ 1,25,498 crore in 2016-17. The contribution of CPSEs to the Central

Exchequer has been decreased by 2.98% in 2017-18 as against previous year.

The cumulative investment (paid up capital plus long terms loans), which was ₹29 crore in 5 enterprises as on 31.03.1951, has gone up to ₹13,73,412 crore in 339 CPSEs as on 31.03.2018. The increase in 'investment' in all the CPSEs was 10.24% in 2017-18 over 2016-17, similarly 'capital employed' went up by 6.87% during the same period. (Table 1).

A comparison of the performance of CPSEs during 2017-18 vis-a-vis the previous year i.e. 2016-17, is at Annexure-2.

### 1.3 Scheme in respect of Research Development and Consultancies (RDC)

DPE is implementing a Scheme of Research Development and Consultancies (RDC) for the executives of Central Public Sector Enterprises (CPSEs) and State Level Public Enterprises (SLPEs). Under the Scheme Management Development Programmes on various topics for increasing the knowledge & skill of executives of CPSEs and SLPEs are organized at various Centers for Excellence such as IIMs, IITs, IIPA New Delhi etc. During the year 2017-18, 15 training programmes have been planned and successfully conducted. The detail of

all the fourteen training programmes is given below:

### Training conducted during 2018-19

Sl. No.	Name of Institute	Topic/Subject	Period of training	Venue
1.	Management Accounting Research Foundation, ICWAI	GST Implementation – Issues & Challenges*	25 <sup>th</sup> - 27 <sup>th</sup> April, 2018	Delhi
2.	National Institute of Financial Management	Indian Accounting Standards	4 <sup>th</sup> - 8 <sup>th</sup> June, 2018	Faridabad
3.	Indian Institute of Corporate Affairs	Compliances under Company law and SEBI rules/regulations/guidelines	28 <sup>th</sup> May, 2018 - 1 <sup>st</sup> June, 2018	Guwahati
4.	IIM Shillong	Finance for non-finance Executives	23-27 July, 2018	Shillong
5.	ASCI	Building Competencies for personal excellence	30 July-3 August, 2018	Hyderabad
6.	IIM Kohzicode	Contract Management and Negotiation skills & strategies	6-10 August, 2018	Kohzicode
7.	IIM Lucknow	Risk Management	16-18 August, 2018	Lucknow
8.	IIM Bangalore	Corporate Governance	23 <sup>rd</sup> August - 25 <sup>th</sup> August, 2018	Bengaluru
9.	IIT Bombay	Communication & presentation skills	4-6 September, 2018	Mumbai
10.	IIT Kharagpur	Financial Management	10-14 Sept. 2018	Kharagpur
11.	IIT Guwahati	Marketing Management	24-28 Sept. 2018	Guwahati
12.	IIPA	Leadership and Enablers of achieving business excellence	8 <sup>th</sup> to 12 <sup>th</sup> October, 2018	Delhi
13.	ICSI	Corporate Social Responsibility	22-24 October 2018	Mumbai
14.	NPC	Vigilance Awareness/ Preventive Vigilance Practices	30 Oct. to 1 <sup>st</sup> November, 2018	Goa
15.	IIPA, Delhi	PSU Repositioning Programme: creating strategic leadership on cost, performance, Innovation and Impact,	25 <sup>th</sup> February 2019 to 1 <sup>st</sup> March, 2019	Agartala

1.3.1 Under the DPE's Plan Scheme of RDC, following seven workshops were organized during 2017-18:

Sl. No.	Name of Institute	Topic/Subject	Date	Venue
1.	IICA	Internal Financial Controls under Companies Act, 2013	20 <sup>th</sup> July, 2018	Delhi
2.	ICAI	GST- Issues & concerns	27 <sup>th</sup> July, 2018	Hyderabad
3.	IIT Bombay	Basics of cyber security	18 <sup>th</sup> August, 2018	Mumbai
4.	NIFM	Instructions for filling up online data input sheet of Public Enterprises Survey 2017-18	20 <sup>th</sup> August, 2018	Delhi
5.	NPC	Program on safeguards to be taken in tendering, procurement and Contracting	6 <sup>th</sup> September, 2018	Delhi
6.	IIPA	Gender Equality at Workplace	7 <sup>th</sup> September, 2018	Delhi
7.	NIFM	Instructions for filling up online data input sheet of Public Enterprises Survey 2017-18	7 <sup>th</sup> September, 2018	Kolkata

#### 1.4. Laying of the C&AG Reports in the Parliament

DPE tables the Reports of the Comptroller and Auditor General of India in the Parliament. The C & A G's No.11 of 2018 (Compliance Audit Observations) and Report No.18 of 2018 General Purpose Financial Reports of Central Public Sector Enterprises (Compliance Audit), Union Government (Commercial) laid in the Parliament on 07.08.2018 and also follows up with the respective administrative Ministries/Departments for submission of

Action Taken Notes (ATN) on Audit Paras to Committee on Public Undertakings as well as C & AG.

#### 1.5. Study to upgrade the Public Enterprises Survey

With a view to improve the analytical content, overall design and presentation of Public Enterprises survey, the department had awarded a study to CRISIL to upgrade PE Survey Report. The recommendations of CRISIL have been incorporated while preparing the Public Enterprises Survey 2016-17 and 2017-18.

**2.1** The endeavour of the Government is to make Central Public Sector Enterprises (CPSEs) autonomous Board managed companies. Under Articles of Association, the Board of Directors of CPSEs enjoys autonomy in respect of recruitment, promotion and other service conditions of below board level employees. The Board of Directors of a CPSE exercises delegated powers subject to broad policy guidelines issued by Government from time to time. The Government has granted enhanced powers to the Boards of the profit making enterprises under various schemes like Maharatna, Navratna and Miniratna in the manner stated in the following paragraphs.

## **2.2 MAHARATNA SCHEME**

**2.2.1** The main objective of the Maharatna scheme which was introduced in 2010 is to empower mega CPSEs to expand their operations and emerge as global giants.

**2.2.2** The salient features of Maharatna scheme are at **Annexure-3**.

**2.2.3** Presently there are 08 Maharatna CPSEs, viz. (i) Bharat Heavy Electricals Limited (ii) Bharat Petroleum Corporation Limited, (iii) Coal India Limited, (iv) GAIL India Limited, (v) Indian Oil Corporation Limited, (vi) NTPC Limited, (vii) Oil & Natural Gas Corporation

Limited and (viii) Steel Authority of India Limited.

## **2.3 NAVRATNA CPSEs**

**2.3.1** The Government had introduced the Navratna scheme in 1997 to identify Central Public Sector Enterprises (CPSEs) that had comparative advantages and to support them in their drive to become global giants. Under this scheme, the Boards of Navratna CPSEs have been delegated enhanced powers in the areas of (i) capital expenditure, (ii) investment in joint ventures/subsidiaries, (iii) mergers & acquisitions, (iv) human resources management, etc.

**2.3.2** Presently, there are 16 Navratna CPSEs as under:

- (i) Bharat Electronics Limited
- (ii) Container Corporation of India Limited
- (iii) Engineers India Limited
- (iv) Hindustan Aeronautics Limited
- (v) Hindustan Petroleum Corporation Limited
- (vi) Mahanagar Telephone Nigam Limited
- (vii) National Aluminium Company Limited
- (viii) National Buildings Construction Corporation Limited

- (ix) Neyveli Lignite Corporation Limited
  - (x) NMDC Limited
  - (xi) Oil India Limited
  - (xii) Power Finance Corporation Limited
  - (xiii) Power Grid Corporation of India Limited
  - (xiv) Rashtriyaspat Nigam Limited
  - (xv) Rural Electrification Corporation Limited
  - (xvi) Shipping Corporation of India Limited
- 2.3.3 The powers delegated to the Boards of Navratna CPSEs and conditions/guidelines for exercise of delegated Navratna powers are at **Annexure-4**.

## 2.4 Miniratna scheme

- 2.4.1 In October 1997, the Government had 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.
- 2.4.2 The salient features of Miniratna scheme are at **Annexure-5**.
- 2.4.3 Presently there are 74 Miniratna CPSEs (61 Category-I and 13 Category-II). The list of these 74 Miniratna CPSEs is enclosed at **Annexure-6**.

# Corporate Governance and Professionalization of Boards in Central Public Sector Enterprises (CPSEs)

## 3.1. Corporate Governance - Background

3.1.1 The term Corporate Governance includes the policies and procedures adopted by a corporate entity in achieving its objectives in relation to shareholders, employees, customers and suppliers, regulatory authority and the community at large. In general parlance, it means a code of corporate conduct in relation to all the stakeholders, whether internal or external. Corporate Governance implies transparency of management systems and encompasses the entire mechanics of the functioning of the company. It provides a system by which corporate entities are directed and controlled, besides attempting to put in place a system of checks and balances between the shareholders, directors, auditors and the management.

3.1.2 Keeping in view the importance of Corporate Governance principles in ensuring transparency and enhancing the trust of stakeholders and the fact that there was a continued need to adopt and apply the good Corporate Governance practices in respect of CPSEs where huge public funds are invested, Guidelines on Corporate Governance for all CPSEs on mandatory basis was approved by the Government in March, 2010.

3.1.3 The Guidelines cover issues like composition of Board of CPSEs, Audit Committee, Remuneration Committee, Subsidiary companies, Disclosures, Code of conduct and ethics, Risk management and reporting. They also include provisions relating to monitoring the compliance of guidelines by the CPSEs and formation of Remuneration Committee. Since, the concept of Corporate Governance is dynamic in nature; it has also been provided that suitable modifications in these guidelines would be carried out to bring them in line with prevailing laws, regulations, acts, etc. from time to time.

3.1.4 The salient features of these guidelines are at **Annexure-7**.

## 3.2 Professionalization of Board of CPSEs

3.2.1 Department of Public Enterprises (DPE) formulates policy guidelines on the Board structure of CPSEs. In pursuance of the public sector policy being followed since 1991 several measures have been taken by the Department of Public Enterprises to professionalize the Boards of public enterprises. 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 1/3rd 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 of 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.

3.2.2 As regards selection and appointment of non-official Directors on the Boards of CPSE, the following eligibility criteria has been prescribed:-

#### **Criteria of Experience**

- (i) Retired Government officials with a minimum of 10 years experience at Joint Secretary level or above.
- (ii) Persons who have retired as CMD/CEOs of CPSEs and Functional Directors of the Schedule 'A' CPSEs. The ex-Chief Executives and ex-Functional Directors of the CPSEs will not be considered for appointment as non-official Director on the Board of the CPSE from which they retire. Serving Chief Executives/Directors of CPSEs will not be eligible to be considered for appointment as non-official Directors on the Boards of any CPSEs.
- (iii) Academicians/Directors of Institutes/ Heads of Department and Professors having more than 10 years teaching or research experience in the relevant domain e.g. management, finance, marketing, technology, human resources, or law.

- (iv) Professionals of repute having more than 15 years of relevant domain experience in fields relevant to the company's area of operation.
- (v) Former CEOs of private companies, if the company is (a) listed on the Stock Exchanges or (b) unlisted but profit making and having an annual turnover of at least ₹250 crore.
- (vi) Persons of eminence with proven track record from Industry, Business or Agriculture or Management.
- (vii) Serving CEOs and Directors of private companies listed on the Stock Exchanges may also be considered for appointment as part-time non-official Directors on the Boards of CPSEs in exceptional circumstances.

#### **Criteria of Educational Qualification**

Minimum graduate degree from a recognized university.

#### **Criteria of Age**

The 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.

3.2.3 The proposals for appointment of non-official Directors are initiated by the concerned Administrative Ministries/ Departments. The selection of non-official Directors in respect of all CPSEs is made by the Search Committee which presently consists of Secretary (DoPT) as chairperson, Secretary (DPE), Secretary of the administrative Ministry/Department

of the CPSE and 2 non-official Members. The concerned Administrative Ministry/ Department appoints the non-official Directors on the basis of recommendations of Search Committee after obtaining the approval of competent authority.

3.2.4 During the year 2018-19, Search Committee held 4 meetings and recommended names for filling up 172 positions of non-official Directors on the Boards of various CPSEs.

3.2.5 The administrative Ministries/Departments were advised to take necessary steps to ensure appointment of requisite number of non-official Directors and at least one woman Director on the Boards of CPSEs under their respective administrative jurisdiction.

3.2.6 The functional Directors are appointed by the administrative Ministry on the recommendations of PESB and with the approval of Competent Authority. The Government Directors are appointed in ex-officio capacity by the concerned administrative Ministries/Departments.

3.2.7 As per direction of ACC the following instructions have been issued recently to Administrative Ministries/Departments for information and compliance.

*“Prior concurrence of DPE and PESB in order to fill up a board level post by the Search-cum-Selection Committee mode instead of the standard PESB route to be dispensed with. Such proposals for exemption may be considered directly by the ACC without routing them through DPE and/or PESB, provided that the concerned administrative Ministry records the reasons in writing with*

*the approval of the Minister-in-charge, as to why such exemption is being proposed”.*

3.2.8 Based on the directions received from ACC, instructions were issued to the effect that *“the period of lien shall be deemed to have been uniformly extended from the existing five years to six years in case where the Board level appointee in a CPSE was holding a lien on a below Board level post in CPSE”* to all administrative Ministries / Departments for information and compliance.

3.2.9 DPE conducted a study on Best Practices in Human Resources in CPSEs through KPMG Advisory Services Private Limited so as to advise CPSEs for adoption of best HR practices for organization’s development. On the basis of the recommendations of the study, DPE issued an advisory on ‘Professionalization of below Board level management in CPSEs covering area such as Alignment of HR strategy with Business, Recruitment & Manpower Planning, Performance Management System (PMS), Rewards & Recognition, Promotion & Career Management, Employee Engagement, Training & Development (T&D) and Leadership Development.

3.2.10 DPE after consultation with Ministry of Corporate Affairs (MCA) forwarded MCA’s notification dated 5th July 2017 alongwith subsequent clarifications issued by Ministry of Corporate Affairs on the issue of appointment of non-official (Independent) Directors on the Boards of Joint Ventures, Wholly owned subsidiaries of CPSEs to all administrative Ministries/Departments for information and necessary action.



3.2.11 As advised by Chairman (SEBI), the concerned Ministries/Departments were requested to undertake immediate action in consultation with Department of Investment and Public Asset Management to ensure compliance with prescribed norms relating to minimum public shareholding in respect of listed CPSEs under their respective administrative control within stipulated time-limits.


3.2.12 DPE organized eight orientation programmes as per following details for capacity building of newly appointed non-official Directors and Government Directors of CPSEs. The participating Directors were sensitized about their role and responsibilities in the context of newly enacted Companies Act, 2013 and important issues related to better functioning of Boards.

- (i) 8<sup>th</sup> and 9<sup>th</sup> January, 2018 in Visakhapatnam in collaboration with HPCL which was attended by 36 non-official Directors of various CPSEs.
- (ii) 20<sup>th</sup> February, 2018 in Delhi in collaboration with PFC which was attended by 36 Government Directors of various CPSEs.
- (iii) 18<sup>th</sup> and 19<sup>th</sup> June, 2018 in Ranchi in collaboration with Central Coalfields Limited which was attended by 28 non-official Directors of various CPSEs
- (iv) 17<sup>th</sup> and 18<sup>th</sup> September, 2018 in Mysuru in collaboration with BEML Limited which was attended by 24 non-official Directors of various CPSEs.
- (v) 17<sup>th</sup> and 18<sup>th</sup> September, 2018 at IICA Manesar Campus in collaboration with IICA

was attended by 19 Government Directors of various CPSEs.

- (vi) 17<sup>th</sup> and 18<sup>th</sup> December, 2018 at Dibrugarh, Assam in collaboration with BCPL was attended by 14 non-official Directors of various CPSEs.
- (vii) 17<sup>th</sup> and 18<sup>th</sup> January, 2019 at Puducherry in collaboration with IICA was attended by 14 Government Nominee Directors of various CPSEs.
- (viii) 17<sup>th</sup> and 18<sup>th</sup> February, 2019 at Guwahati, Assam in collaboration with OIL India Limited was attended 72 non-official Directors of various CPSEs.

3.2.13. DPE organized first ever CPSE Conclave on 9<sup>th</sup> April, 2018 at VigyanBhavan, New Delhi in which functional, government and non-official Directors of all CPSEs participated. This event was the culmination of consultative exercise undertaken for redefining the role and functioning of CPSEs in the context of broad Vision of New India 2022. During the event five thematic presentations on (i) Corporate Governance in the new age, (ii) People First: Reinventing Human Resource Management, (iii) Financial re-engineering, (iv) Innovation, R&D and Technology for the future, and (v) Vision New India 2022 were made before the Hon'ble Prime Minister outlining the broad recommendations emerging from consultative exercise coordinated by DPE with various stakeholders. A film on CSR initiatives of CPSEs was also shown in the event. Hon'ble Prime Minister addressed the participants on this occasion.

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- 3.3 International Cooperation: DPE hosted a seven member delegation on 14<sup>th</sup> May, 2018 from SASAC, China led by Ms. Huang Danhua, Vice Chairman, SASAC.
- 3.4 DPE in collaboration with National Stock Exchange of India Limited organized a half

day Roundtable with Company Secretaries of listed CPSEs on 25<sup>th</sup> September, 2018 in order to enhance compliance with SEBI (LODR) Regulations, 2015 and sensitize NSE about the concerns of listed CPSEs in this regard.

- 4.1 Memorandum of Understanding:** MoU is a negotiated agreement and contract between the Administrative Ministry/ Department/Holding CPSEs i.e. majority shareholder and the Management of the Central Public Sector Enterprises (CPSE) on selected parameters having targets decided normally before the start of a new financial year and results evaluated after the end of the year to measure the performance.
- 4.2 Purpose of MoU:** The purpose of the MoU is to measure the performance of the management of the CPSEs on key selected parameters against the targets agreed upon so as to improve the critical performance indicators of the organization.
- 4.3 Institutional Arrangements for Implementation of MoU Policy:**
- (a) **High Powered Committee (HPC) on MoU:** The High Powered Committee (HPC) on MoU is a Committee of Secretaries (COS) set up by the Government as the Apex body for Central Public Sector Enterprises (CPSEs) to assess the performance of MoU signing CPSEs with reference to the commitments made by them in the MoU. HPC is headed by the Cabinet Secretary and comprises of following members:
- Finance Secretary, Secretary (Expenditure), CEO (NITI Aayog), Secretary (Statistics & Programme Implementation), Chairman, Public Enterprises Selection Board; Chief Economic Advisor, Department of Economic Affairs; Chairman, Tariff Commission; and Secretary (PE). The HPC on MoU gives guidance and directions with respect to the determination of the principles and parameters for evaluating the performance of CPSEs.
- (b) **Pre-negotiation Committee (PNC):** The role of the Pre-negotiation Committee is to assist IMC in determining the most appropriate and relevant parameters for measuring improvement in performance and for fixing targets. Meetings of the Pre-negotiation Committee is held in each case before the meetings of IMC to look at the trends, discuss, negotiate and recommend MoU parameters and targets. The Pre-negotiation committee comprises Adviser (MoU), DPE, concerned Joint Secretary/Adviser of Administrative Ministry, concerned Adviser (NITI Aayog), Director (MoU), DPE and representative from Ministry of Statistics and Programme Implementation (MoSPI).
- (c) **Inter-Ministerial Committee (IMC):** MoU targets are decided by the IMC. Inter-Ministerial Committee on MoU consists of Secretary, DPE as Chairman,

Secretary of concerned administrative Ministry/Department or his representative not below the rank of Joint Secretary (Member), Secretary, Ministry of Statistics and Programme Implementation or his senior representative (Member), Additional Secretary, NITI Aayog or his senior representative (Member). Secretary, DPE may co-opt any officer who is a finance expert in case the need is felt, Adviser (MoU), DPE for secretarial support to the Committee.

**4.4 MOU DIVISION:** The HPC and IMC are assisted by the MOU Division in the Department of Public Enterprises. It also acts as the permanent secretariat to this HPC and IMC. The main functions of this Division are to:-

- a. Provide technical and administrative support to the IMC.
- b. Assist the High Powered Committee to frame the MoU Guidelines and carry out modifications.
- c. Sensitize the CPSEs on MoU by conducting of workshops and seminars.
- d. Carry out MoU Evaluation and place it before IMC.

**4.5** The Government of India introduced the system of MoU in the year 1986, based on recommendations given by ArjunSen Gupta Committee report (1984). The report recommended that the CPSEs should enter into agreements with their Administrative Ministries for five years, with progress would be reviewed annually. The MoU system was given broader thrust by the Government after the announcement of the

New Industrial Policy of 1991. In view of the above policy statement, the scope of MoU system has been extended to cover nearly all CPSEs over a period of time and this is given below:

Year	No. of MoU's signed
1987-88	4
1991-92	72
2001-02	104
2002-03	100
2003-04	96
2004-05	99
2005-06	102
2006-07	113
2007-08	144
2008-09	147
2009-10	197
2010-11	198
2011-12	197
2012-13	196
2013-14	197
2014-15	214
2015-16	215
2016-17	231
2017-18	196
2018-19	176

**4.6 Parameters:** CPSEs are working in various sectors under different conditions. The following guidelines have been laid down to evaluate their performance:-

- 4.6.1. There would be uniform parameters for measuring financial performance such as revenue from operations, Operating profit

and return on investment (e.g. ratio of PAT/ Net-worth). This would be applicable to all CPSEs, except CPSEs which are dependent on government grant or performing functions of distribution of grants etc. e.g. Biotechnology Industry Research Assistance Council (BIRAC). Hence, 3 financial parameters have been prescribed for all CPSEs which total weightage of 50% except for CPSEs like BIRAC.

4.6.2. For the remaining 50% weightage, a menu of parameters has been suggested for selection depending on the sector in which the CPSE is operating. The parameters most appropriate and relevant for measuring performance shall be suggested by the Pre-Negotiation Committee (PNC) to the Inter-Ministerial Committee (IMC). In all the cases IMC shall take appropriate decision on the suggestions made by PNC.

4.6.3. Chairman IMC is authorized to modify the parameters or weightages of parameters in sector specific cases, if justified.

**4.7 Time-lines for submission of MoU:** The draft MoU with all documents/ Annexures is to be submitted to administrative Ministry/ Department in respect of all CPSEs and their subsidiaries by 21<sup>st</sup> November of each year for the forthcoming year/ the draft MoU after the approval of administrative Ministry/Department has to be sent to DPE by 15<sup>th</sup> December of each year for the forthcoming year with all documents/ Annexures. Administrative Ministry/ Department would ensure that the targets are realistic, growth oriented, aspirational and consistent with the latest Annual report, Budget and Corporate plan of the CPSEs.

**4.8 MoU Signing Process:** MoU based on the parameters, targets and weightage recommended by IMC without any deviation shall be signed between CMD/ MD of CPSE and Secretary of administrative Ministry/Department in case of holding/ independent CPSEs and between CEO/MD of subsidiary company and CMD/MD of holding CPSE in case of subsidiary by 31<sup>st</sup> March (i.e. before start of financial year in respect of which targets are fixed) or within 21 days from issue of IMC meeting minutes, whichever is later. In case, deviation is detected, IMC minutes would prevail.

**4.9 For Evaluation of MoU:** Evaluation of MoU of the CPSE is done after the end of the year on the basis of actual achievements vis-à-vis the MoU targets. CPSEs (Holding as well as Subsidiaries) are required to submit performance evaluation reports on the basis of audited accounts to Department of Public Enterprises after approval of the Board of CPSE and through the administrative Ministries/Departments on or before 30th September (in respect of immediately preceding year) or any other date communicated by DPE. Figures and information in the MoU achievement which are not verifiable from audited accounts would be relied on the basis of certification by way of resolution of the Board given separately for each parameter.

**4.10 MoU Score and Rating:** MoU score is an aggregate of score on all parameters with respect to performance vis-à-vis the targets. With a view to distinguish 'excellent performance' from 'poor performance', five different performance ratings have been fixed in the MoU, i.e., 'Excellent', 'Very

Good', 'Good', 'Fair', and 'Poor'.

4.10.1 The system of rating of CPSEs on the basis of MoU Aggregate Score is as follows:-

Aggregated Score	Rating
90 Score 100	Excellent
70 Score<90	Very Good
50 Score<70	Good
33 Score<50	Fair
0 Score<33	Poor

4.10.2 Score and rating is subject to fulfilling following criteria failing which aggregate MoU score would be reduced by 1 mark for each instance of non-compliance subject to maximum of 5 marks and the rating is modified accordingly:

- i. Compliance of Provisions of The Companies Act, 2013 or the relevant Act under which they have been regulated (To the extent compliances are within the ambit of CPSEs).
- ii. In case of listed CPSEs, compliance of provisions of Listing Agreement (To the extent compliances are within the ambit of CPSEs).
- iii. Compliance of DPE Guidelines having financial implications.
- iv. No adverse observations by CAG on Annual Accounts pointing out misappropriation of

funds of any amount or Over statement of profit/ surplus/ assets or understatement of loss/ deficit/ liabilities amounting to 5% of Revenue from Operation.

- v. Holding of AGM without seeking extension of time.
- vi. Submission of Draft MoU/ MoU evaluation through administrative ministry/ department to DPE by prescribed date.
- vii. Signing of MoU as prescribed without deviation from minutes of the IMC meeting.
- viii. Compliance of Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro Small and Medium Enterprises.
- ix. Compliance of DPE guidelines issued from time to time for CSR Expenditure by CPSEs.
- x. Compliance of DPE guidelines on Digital India.
- xi. Compliance of DPE guidelines on any policy, issued from time to time, and prescribed specifically in this regard.

4.10.3 Compliance of each of additional eligibility criteria to be confirmed/ certified by Board of Directors by way of resolution.

#### 4.11 MoU Evaluation:

4.11.1 The year wise figures for signed MoU and evaluation for CPSEs is tabulated below:

Item	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total MoUs Signed	198	197	196	197	214	215	231	196
Evaluation Report Submitted	161	175	189	187	200	191	198	187

4.11.2 A comparison of the MoU ratings secured by the CPSEs during the last 10 years is as under:-

Rating	Number of Public Sector Enterprises under each rating over Years									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Excellent	47	73	67	76	75	76	73	57	49	49
V. Good	34	31	44	39	39	38	53	58	54	39
Good	25	20	24	33	37	36	41	28	40	33
Fair	17	20	24	25	36	29	26	22	31	31
Poor	01	01	02	02	02	08	7	26	24	18
Total	124	145	161	175	189	187	200	191	198	170*

\*17 CPSEs have submitted their MoU evaluation after approval of score/rating for the year 2017-18 by the High Powered Committee (HPC) on MoU.

# Wage Policy and Manpower Rationalization

**5.1** The Department of Public Enterprises (DPE) functions as the nodal Department for policy relating to pay revision of CPSE executives at Board as well as below Board level and non-unionized supervisors. DPE also issues guidelines for wage settlement negotiations in case of workmen in CPSEs. The Department renders advice to the Administrative Ministries/ Departments and CPSEs in matters relating to revision in pay scales of executives and also for the wage policy negotiation of workmen. The CPSEs are largely following the Industrial Dearness Allowance (IDA) pattern of scales of pay. However in some CPSEs, Central Dearness Allowance (CDA) pattern of scales of pay is also followed. DPE also issues quarterly DA orders in respect of IDA employees. The DA orders for CDA employees of CPSEs are issued for six monthly periods.

## **5.2 Third Pay Revision Committee under IDA pattern**

5.2.1 The third Pay revision committee was constituted under the Chairmanship of Justice (Rtd) Shri Satish Chandra to consider and recommend pay scales for Board and Below Board level executives and non-unionized supervisors of CPSEs under IDA pattern of pay scale. Therefore, based on the recommendations of the third PRC,

Government's decisions thereon and with due approval of the Cabinet, the revised pay scale guidelines effective from 1<sup>st</sup> January, 2017 were issued vide DPE OMs dated 03.08.2017, 04.08.2017 and 07.09.2017.

5.2.2 The revised pay scales and allowances recommended by third PRC were based on the basic premise of affordability. These pay scales and allowances would be implemented subject to the condition that the additional financial impact in the year of implementing the revised pay- package for Board and Below Board level Executives and Non-Unionized Supervisors should not be more than 20% of the average Profit Before Tax (PBT) of the last three financial years preceding the year of implementation. All the expenditure on this account will be met by the CPSE implementing the revised pay scales & allowances and no budgetary support shall be provided by the government in this regard.

## **5.3 Wage Revision for Workmen under IDA pattern**

5.3.1 DPE has issued policy guidelines for the 8<sup>th</sup> Round of Wage Negotiations with unionized workmen of CPSEs (generally effective from 01.01.2017) for a period of 10 years vide its OM dated 24.11.2017.



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

5.4.1 Pay scales on CDA pattern are applicable to the clerical staff, unionized cadres and executives of 69 CPSEs who were on the rolls of these CPSEs as on 1.1.1986 and upto 31.12.1988 and were in receipt of the CDA pattern pay scales during that time. A High Powered Pay Committee (HPPC) was appointed by the Government in pursuance of the Hon'ble Supreme Court directions dated 12.03.1986. The HPPC submitted its Report to the Government on 24.11.1988 and its recommendations were implemented in these CPSEs. Further in pursuance of the Hon'ble Supreme Court directions dated 03.05.1990 read with subsequent directions dated 28.08.1991, IDA pattern and related scales of pay were introduced in these CPSEs with effect from 01.01.1989. Therefore as per the directions of the Hon'ble Supreme Court., all appointments including appointment on promotion should be under the IDA pattern of pay scales. Subsequently DPE vide its O.M. dated 10.08.2009 in this regard clarified that 'appointment' includes selection, promotion and deputation too.

5.4.2 Similarly for the employees of CPSEs following the CDA pattern, DPE vide OM dated 17.08.2017 issued guidelines for revision of pay scales and allowances w.e.f. 01.01.2016. The benefit of pay revision is allowed to the employees of those CPSEs that are not loss making and are in a position to absorb the expenditure on account of pay revision from their own resources without any budgetary support from the Government.

5.4.3 DPE vide OM dated 21.05.2018 conveyed the government decision on allowances applicable to CDA employees of CPSEs.

## 5.5 Relevant guidelines issued recently

5.5.1 DPE vide OM dated 11.04.2018 has informed about the amendment to the Payment of Gratuity Act, 1972 regarding enhancing the Gratuity ceiling from ₹ 10 lakhs to ₹ 20 lakhs applicable from the date of the notification of the amendment i.e. 29.03.2018.

5.5.2 DPE vide OM dated 23.07.2018 also issued guidelines regarding model terms and conditions for IDA pay scales w.e.f 01.01.2017 in respect of Board level Executives of CPSEs.

**6.1** The Public Sector Enterprises are categorized into four schedules namely 'A', 'B', 'C' & 'D'. The categorization of CPSEs has implications mainly for organizational structure and salary of Board level incumbents of the concerned CPSE. It also plays a role in grant of autonomy to the Boards of CPSEs under 'Ratna' scheme.

**6.2** The initial categorization of CPSEs in the mid-sixties was made on the basis of their importance to the economy and complexities of their problems. Over the years the Department of Public Enterprises has evolved norms for the purpose of categorization/re-categorization of CPSEs. Categorization is based on criteria such as quantitative factors like investment, capital employed, net sales, profit before tax, number of employees and units, capacity addition, revenue per employee, sales/capital employed, capacity utilization, value added per employee and qualitative factors such as national importance, complexities of problems being faced by the company, level of technology, prospects for expansion and diversification

of activities and competition from other sectors, etc. The other factors, wherever available, relate to share price, MOU ratings, Maharatna/ Navratna/ Miniratna status and ISO certification. In addition, the factor relating to the critical/strategic importance of the corporation is also taken into account. The present 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 (as on 31.03.2019) there are 65 Schedule 'A', 66 Schedule 'B', 44 Schedule 'C' and 5 Schedule 'D' CPSEs. The schedule-wise list of CPSEs is given in **Annexure-8**.

- 6.3** During the year 2018-19, the following posts were redesignated:
- i. CMD, Hindustan Steelworks Construction Limited (HSCL) as MD, HSCL
  - ii. MD Dedicated Freight Corridor Corporation of India Limited as CMD, DFCCIL
  - iii. MD, Biotechnology Industry Research Assistance Council as CMD, BIRAC.

# Revival and Restructuring of Sick/loss making CPSEs

## 7.1 Introduction

7.1.1 Historically, the Central Public Sector Enterprises (CPSEs) have been playing an important role in socio-economic development of the country. The number of CPSEs, their investment, turnover, profit and contribution to exchequer has been consistently growing over a period. While CPSEs, as a group, are on a growth path, some CPSEs have been incurring losses for the last several years. As the Central Public Sector Enterprises (CPSEs) operate under dynamic market conditions, it is quite natural to see ups-and-downs in their performance. In a number of cases, their accumulated losses have exceeded their net worth, making the enterprises sick. Though reasons for losses/ sickness may vary from unit to unit, Government has taken many measures to improve the performance of CPSEs. CPSEs are expected to function on commercial considerations with a view to sustaining growth and viability of the companies. Government is of the view that revival/ restructuring of sick/ loss making CPSEs is to be done after taking into account their strategic & national importance and addressing their business concerns. Accordingly, plans for revival/ restructuring of sick/ loss making CPSEs are drawn and implemented by the concerned

administrative Ministries/ Departments and the Board of CPSEs, after obtaining the approval of the competent authority.

## 7.2 Reasons for losses and sickness in CPSEs

7.2.1 The reasons for losses/ sickness in CPSEs vary from enterprise to enterprise. However, some common problems for sickness in CPSEs include old and obsolete plant and machinery, outdated technology, low capacity utilization, low productivity, poor debt–equity structure, excess manpower, weak marketing strategies, stiff competition, lack of business plans, dependence on government orders, heavy interest burden, high input cost, resource crunch, etc. With liberalization and opening up of the economy, many CPSEs that did not evolve fast lost ground to private companies. Attempts have, therefore, been made to overcome “sickness” in these CPSEs through various measures.

7.2.2: Multiple mechanisms existed for restructuring/revival of sick/loss making CPSEs. Sick Industrial Companies as defined in Sick Industrial Companies Act 1985 were referred to Board for Industrial and Financial reconstruction (BIFR), for suggesting a restructuring plan. BIFR has now been dissolved and this work is being done by NCLT under Companies Act, 2013

and Insolvency and Bankruptcy Code, 2016. Board for Reconstruction of Public Sector Enterprises (BRPSE), which was created in 2004 to advise the Government for the restructuring or revival plan of referred CPSEs, has been wound up in November, 2015.

### **7.3 Streamlining the mechanism of revival/restructuring of Central Public Sector Enterprises (CPSEs)**

7.3.1 Government has taken steps to make the mechanism and process for revival/restructuring of CPSE time bound, comprehensive, performance driven and efficient. The Government has decided to remove multiple layers in the decision making process to ensure timely revival/restructuring of sick CPSEs. It has been decided that revival/restructuring of sick/incipient sick CPSEs is to be merit based taking into account strategic, national and business concerns of the CPSE. Accordingly, Government has wound up Board for Reconstruction of Public Sector Enterprises (BRPSE) and the concerned administrative Ministries/Departments will be responsible to monitor sickness of CPSEs functioning under them and take timely redressal measures with the approval of the competent authority. DPE has issued on 29<sup>th</sup> October, 2015 guidelines for “Streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises; General principles and mechanism of restructuring” to be followed by the administrative Ministries / Departments in preparation of proposals for revival/restructuring or closure of CPSEs

under their administrative control. The guidelines are given in Annexure-9.

7.3.2 These guidelines are laid down for streamlining the mechanism for restructuring / revival or closure of sick or incipient sick CPSEs and weak CPSEs and replace the multiple options available for the same purpose.

#### **7.4 Definition of sick, incipient sick and weak CPSEs:**

##### **(i) Sick CPSEs:**

As per the guidelines, a CPSE is considered sick, if it meets one of the following criteria:

- a. If it is declared sick as per the provisions of the Companies Act, 2013.
- b. If it's net worth is negative.

##### **(ii) Incipient sick CPSEs:**

As per the guidelines, a CPSE is considered incipient sick, if it meets one of the following criteria:

- a. If its net worth is less than 50% of its paid-up capital in any financial year.
- b. If it had incurred losses consecutively for three years.

##### **(iii) Weak CPSEs:**

As per the guidelines, a CPSE is considered weak or sub-optimally performing, if it meets one of the following criteria:

- a. If its turnover or its operational profit has declined by more than an average of 10% in the last 3 years.

- b. If its profit before tax is less than income from the other sources.
- c. If its trade receivable and inventories are more than 50% of net worth of the CPSE.
- d. If the claims against the company, not acknowledged as debts, are more than its net worth.
- e. Any other criteria as may be prescribed to quantify early signs of weakness in the performance of the CPSEs by the government.

In all the reference to net worth, it would have the same meaning as defined under Section 2 (57) of the Companies Act, 2013.

7.4.1 As per the guidelines, the administrative Ministry/Department will classify CPSEs functioning under their control into sick, incipient sick and weak CPSEs within 6 months of the closure of the financial year or within one month from finalization of Annual Accounts, whichever is earlier. The concerned administrative Ministry/Department will formulate revival/restructuring/ closure road map for sick CPSEs as per the principles outlined in the guidelines. This would be done within three months from the issue of these guidelines in case of existing sick CPSEs and within nine months from the end of the financial year for a CPSE becoming sick subsequently.

7.4.2 The administrative Ministry will take the following action:

- (a) The administrative Ministry will put weak CPSEs under “observation and intensive

review” to arrest the early signs of weakness in such CPSEs. It may include nomination of independent expert members on the board, quarterly intensive review or special reviews for taking corrective business, operational and financial measures at the board level, fixing the responsibility for declining performance or non-performance or any other corrective step as may be appropriate and necessary by the administrative Ministry or Department.

- (b) The administrative Ministry will initiate the process for preparation of restructuring/ revival plan, which may include disinvestment or privatisation or closure options, for sick/ incipient sick CPSEs based on the classification as given above within 6 months from the closure of the financial year or within one month from finalisation of Annual Accounts, whichever is earlier.

- (c) Restructuring and revival plan for the sick and incipient sick CPSEs shall be prepared within nine months of the closure of the financial year.

- (d) External expert agency which has experience and expertise of the business environment, operational issues, technology option and financial viability of the sector in which such CPSE is functioning may be engaged by the government and shall function under the supervision of the administrative ministry for preparation of the future road map.

7.5 Guidelines on Time bound Closure of Sick/ Loss making Central Public Sector Enterprises (CPSEs) and disposal of movable and immovable assets.

7.5.1 Pursuant to the approval of the Government on 06.06.2018, Department of Public Enterprises (DPE) has issued revised guidelines on 'time bound closure of sick/ loss making Central Public Sector Enterprises (CPSEs) and disposal of movable and immovable assets' vide its OM No. DPE/5(1)/2014-Fin (Part-I) dated 14.06.2018 to all the Ministries/ Department. These replaces the earlier guidelines issued by DPE on 07.09.2016 on this subject. The detailed guidelines are given in Annexure-10.

7.5.2 The guidelines are intended to expeditiously complete the procedures for closure of CPSEs and lay down responsibilities of the concerned Ministries/ Departments/ CPSE, etc., including the support required to be extended by nodal Departments/ Organizations like, Ministry of Finance, NITI Aayog, etc. The revised guidelines prescribe a matrix of timelines for step by step process to be completed in respect of a CPSE under closure and about disposal of its assets. The guidelines on time bound closure of sick/ loss making CPSEs uniformly provide for payment of VRS/VSS at 2007 notional pay scale to employees of CPSEs under closure irrespective of the existing pay scales of the company.

7.5.3. Further, DPE has issued clarification to the administrative Ministries/ Departments of CPSEs on 12.02.2019 for estimating

the applicable MAT liability in case the proposals inter alia involve waiver of outstanding Government of India loans (and accrued interest thereon) and include the same in the proposed budgetary support sought for funding closure under para 4.1.8 (i) of the said guidelines, while formulating proposals seeking approval of the cabinet/ CCEA for closure of their CPSEs.

7.6 Applicability of Time bound Closure of Sick/ Loss making Central Public Sector Enterprises (CPSEs).

7.6.1 These guidelines shall apply to all sick/ loss making CPSEs, where:

- (i) Approval/ in principle approval for closure has been obtained by administrative Ministry/Department from the CCEA/ Cabinet; or
- (ii) The process for obtaining the approval of the competent authority is underway after the administrative Ministry/ Department has decided for the closure of the CPSE.

Note: These guidelines shall not apply to CPSEs under liquidation where liquidator has been appointed. The Administrative Ministry/ Department of such CPSE(s) may take necessary action relating to closure of the CPSE and disposal of its movable/ immovable assets in consultation with NITI Aayog and in accordance with the legal requirements of the liquidation process.

# Scheme of Counselling, Retraining and Redeployment

**8.1** The Scheme for Counselling, Retraining and Redeployment (CRR) of Rationalized Employees of CPSEs is being implemented by Department of Public Enterprises (DPE) since 2001-02. CRR Scheme was modified in November, 2007 in order to widen its scope and coverage. One dependent of VRS optee is also eligible in case the VRS optee himself/herself is not interested. The Scheme has been subsequently modified in February, 2016 in order to broaden the network of Training Providers and also to follow standardized methodology of training, design and delivery.

**8.2 Objective of the CRR scheme:**

- i. Separated employees of CPSEs to be brought into the mainstream economy and thereby contribute to national income.
- ii. Reorientation of VRS / VSS optees / dependents to enable them to adjust to new environment and adopt new vocations.
- iii. Skill development for VRS optees/ dependents for their redeployment.
- iv. Exposure to various industry associations, which is also a component of the CRR scheme, to help the trainees in product / service selection.

- v. Awareness of various Central and State Government loan assistance/ subsidized schemes.

**8.3** The main elements of the CRR programme are Counselling, Retraining and Redeployment.

**Counselling:** Counselling is the basic pre-requisite of the rehabilitation programme of the separated employees. The separated employee needs psychological counselling to absorb the distress of loss of assured livelihood and to face the new challenges and also needs support to plan his compensation amount prudently. He/she also needs to be made aware of the new environment of market opportunities so that he/she may, depending upon his/her aptitude and expertise, take up economic activities and continue to be in the production process.

**Retraining:** The objective of such training is to help the separated employees for rehabilitation. The trainees will be helped to acquire necessary skills/expertise/ orientation to start new avocations and re-enter the productive process after loss of their jobs. These training programmes will be short duration programmes according to the trade decided during counselling.

**Redeployment:** It will be the endeavor to redeploy such rationalized employees in the production process through the counselling and retraining efforts. At the end of the programme, VRS/VSS optees/dependents should be able to engage themselves in alternate vocations of self/wage employment. Although there cannot be any guarantee that the separated employee will be assured of alternate employment, yet possible help from the identified nodal training agencies as well as from the CPSEs concerned would be extended to them for starting new avocations.

**8.4** The target group of the CRR scheme is very unique and distinct from other skill development schemes of the Government. Mostly VRS/VSS optees are below 58 years of age. The program provisioned that if the VRS optee didn't want to come forward for training, the benefit of the scheme could be extended to VRS optee's dependent. The focus of the scheme was envisaged to extend the benefit to VRS/VSS optees, or to his/her dependent (one person per family) in lieu of eligible VRS optee.

**8.5** CPSEs are the key to the success of the scheme. They are expected to extend all possible support for the welfare of the separated employees by clearing their compensation/dues before release. Long association with employees puts CPSEs in a better position to identify their retraining needs.


**8.6** Year wise number of persons trained under the scheme is shown as under:-

Year	Number of VRS optees trained
2001-02	8064
2002-03	12066
2003-04	12134
2004-05	28003
2005-06	32158
2006-07	34398
2007-08	9728
2008-09	9772
2009-10	7400
2010-11	9265
2011-12	9400
2012-13	7506
2013-14	3230
2014-15	2525
2015-16	3150
2016-17	1576
2017-18	2000
<b>Total</b>	<b>1,92,375</b>

**8.7 CRR scheme - 2017-18**

8.7.1 During the year 2017-18, an allocation of ₹ 2.67 crore (RE) was made for the CRR scheme. The assigned target for coverage of 2000 VRS/VSS optees/dependents has been achieved and 1309 (65%) redeployed (self/wage employment). During the year,





skill training was imparted at 17 locations by 4 empanelled Training Partners (TPs). Some of the trades of training include Retail Sales Associate, Inventory Clerk, Assistant Electrician, Fitter- Mechanical Assembly, Domestic Data Entry Operator, Light Motor Vehicle Driver, Electrical Technician, Small Poultry Farmer, Beauty Therapist, CCTV Technician etc.

8.7.2 In August, 2018, a tripartite agreement has been signed between Department of Public Enterprises (DPE), National Skill Development Fund (NSDF) under Ministry of Skill Development & Entrepreneurship (MSDE) and National Skill Development Corporation (NSDC) to initiate a skill

development project with the objective to provide skill training under National Skills Qualification Framework (NSQF) to employees of CPSEs who left service under voluntary retirement scheme (VRS) or their dependents; over a period of one year. The scope of the project is:

- Provide counselling, retraining and redeployment to CPSE's separated employees.
- Skill Training and Certification of VRS optees or their dependents.
- Redeployment (either self/wage employment) post-training.

# Voluntary Retirement Scheme (VRS)

**9.1** As a result of the restructuring in some Central Public Sector Enterprises (CPSEs), Government announced the Voluntary Retirement Scheme (VRS) in October, 1988. A comprehensive scheme was later notified by the Department of Public Enterprises (DPE) in May, 2000. From the introduction of VRS Scheme in October 1988, till March 2018, approximately 6.27 lakh employees have been released under VRS.

**9.2 VRS in CPSEs that can support the scheme on their own**

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. Such compensation will, however, not exceed the salary for the balance period of the service left.

**9.3 VRS in marginally profit or loss Making / sick / unviable CPSEs**

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

**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 superannuation subject to the condition that compensation shall not exceed the sum of salary for the balance period left for superannuation.

**Department of Heavy Industry (DHI) model**, under which ex-gratia payment made is 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. 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 of service left.

- 10.1** The Central Public Sector Enterprises (CPSEs) design their own human resource development programmes to upgrade skills and knowledge of middle and senior level executives by giving them training in various fields of management development through their own management institutes or outsourcing the services to premier management training institutions in India.
- 10.2** Secretary, DPE is member on the Board of Governors of the Institute of Public Enterprise, Hyderabad.
- 10.3** India is a founder Member of International Center for Promotion of Enterprises (ICPE)

headquartered in Slovenia. It was established as an inter-Governmental organisation of developing countries for improving the performance of their public enterprises as strategic instrument of economic and social development. Presently, the post of Director General, ICPE is held by India. ICPE pursues its goals by carrying out research, education, training, consultancy work and disseminating information through documentation and publishing activities directed towards bridging the gap between theory and practice on a wide range of issues pertaining to corporate governance, management and other related fields.

# Corporate Social Responsibility (CSR) and Sustainability

- 11.1** As per Section-135 of the Companies Act, 2013, all profit making corporates, including Central Public Sector Enterprises (CPSEs) exceeding threshold limits prescribed in the Act regarding net worth of ₹ 500 crore, or turnover of ₹ 1000 crore or net profit of ₹ 5 crore are mandated to spend at least 2% of the average net profits (Profit Before Tax) of the company made during the three immediately preceding years.
- 11.2** The CPSEs are required to follow the provisions contained in Section-135 of the Companies Act, 2013 and the CSR Rules notified thereunder by M/o Corporate Affairs and the Schedule-VII of the Act, which lists the activities that can be undertaken under CSR. An advisory on observance of transparency and due diligence in selection and implementation of activities under CSR was issued by Department of Public Enterprises to the CPSEs in August, 2016.
- 11.3** Department of Public Enterprises in collaboration with IIT Bombay has set up a CSR Study Unit known as DPE-IITB project at Centre for Technology Alternative in Rural Areas (CTARA), IIT Bombay. The CSR Unit will undertake PAN - India study of all CSR eligible CPSEs in the country and the impact assessment of CSR activities/projects undertaken by CPSEs as per provisions of Companies Act, 2013 and also to build projects and programmes for interested CPSEs and make an annual review of CSR projects by the CPSEs. All CPSEs will be benefitted from the technical knowhow of CTARA while deciding on the CSR activities to be undertaken by them especially in rural areas. As a follow up, DPE organized an interactive session on 27<sup>th</sup> February, 2018 at New Delhi with the CSR heads of CPSEs. The CSR Study team from IITB interacted with participants and explained the scope of work, deliverables, etc. of the CSR Unit and the way the CPSEs can benefit from this project.
- 11.4** DPE organised a workshop on 9<sup>th</sup> May, 2018 in association with India Oil Corporation Ltd. on the theme “CSR for nation building– Incremental Growth in Aspirational Districts” wherein CPSEs discussed the implementation of CSR activities for the year 2018-19 with the development of 117 Aspirational Districts as a possible theme. DPE in association with NITI Aayog organised a Workshop on ‘CSR for development of Aspirational Districts under CSR by CPSEs’ on 24<sup>th</sup> July, 2018 in New Delhi to discuss issue of development of aspirational districts under CSR with focus on education, health and nutrition sectors. The workshop was attended by a

large number of CPSE executives, officers from NITI Aayog and other Ministries/ Departments.

**11.5** DPE organised a workshop on “Scalable Best CSR Practices: Learning from each other on 5<sup>th</sup> October, 2018 in association with Coal India Ltd and IIT Bombay at Kolkata. The workshop drew a very encouraging response from participating CPSEs who showcased some of their best CSR projects.

**11.6** DPE brought out a book on CSR initiatives of CPSEs titled ‘Building New India’ giving details of important CSR activities/ projects conducted by CPSEs, including best CSR practices and success stories during last three years. The Book has highlighted some of the important initiatives of CPSEs in the field of CSR and brings to light the CSR initiatives of 61 CPSEs across 15 prominent sectors, namely Swachh Bharat, drinking water and sanitation, education, healthcare, women empowerment, skill India, environment, sports, art & culture, heritage among others. The book contains

details about CSR activities, which have contributed in improving the lives of poor people living in rural India including that of north-east, hills, tribal people, women, children and physically challenged people.

**11.7** DPE in association with CSR study Unit at IIT Bombay organized a One-day Workshop on “Scalable Best Practices-Learning from the field” on 6<sup>th</sup> February, 2019 at IITB Campus, Mumbai. The workshop was attended by senior executives dealing with CSR from CPSEs besides district collectors from different districts including aspirational districts, NGOs and Start-ups.

**11.8** Department of Public Enterprises participated in the 3<sup>rd</sup> Edition of National CSR Conclave organized by Gujrat CSR Authority (GCSRA) from 21<sup>st</sup> to 22<sup>nd</sup> February, 2019 at Ahmedabad. DPE participated in the one-day Conclave on ‘CSR-improving the CSR Eco-system & Corporate Partnership’ organized by Indian Institute of Corporate Affairs (IICA), Manesar on 6<sup>th</sup> March, 2019 at Kochi, Kerala.

**12.1** Department related Parliamentary Standing Committee on Industry in its 216<sup>th</sup> report had recommended that DPE should play a meaningful and effective role in getting the policies and guidelines implemented by the CPSEs. In compliance of this, the Department had made provision in MoU Guidelines 2015-16 providing for one negative mark for non-compliance of DPE guidelines. From 2017-18 and onwards, provision has been made in MoU guidelines for negative marking for non-compliance of DPE guidelines having financial implications.

- 13.1** DPE's Hindi Section is primarily responsible for implementation of the various provisions of the Official Language Act 1963 and the Rules framed there under. Hindi Section is also responsible for translation of documents required to be issued under Section 3(3) of the Official Language Act, 1963. 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.
- 13.2** Resolutions, notifications, notices, circulars, papers etc. to be laid on the Table of the both houses of Parliament have been issued bilingually during the year 2017-18. 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 Addl. Secretary.
- 13.3** To create awareness and expanding the use of Hindi as Official Language, Hindi Pakhwada was organized by the Department from 14<sup>th</sup> September, 2017 to 28<sup>th</sup> September, 2017. During the Hindi Pakhwada four competitions namely, Hindi Essay Writing, Hindi Shrutlekh, Hindi Grammar and ChitraLekhan were organized for the officers and staff including officials on contract basis. Prizes and Certificates were awarded to the winners.
- 13.4** Annual Public Enterprises Survey on the working of Central Public Sector Enterprises is presented in the Parliament every year by this Department. This is very voluminous and comprehensive document brought out by the Department simultaneously in English and Hindi.

**14.1** 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 polity, our laws, development policies, plans and programmes have aimed at advancement of women in different spheres.

**14.2** The Department has also set up a complaint committee under the chairmanship of a woman 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 its O.M. dated 29th May, 1998, has already issued detailed guidelines and norms to the Chief Executives of CPSEs for observance and prevention of sexual harassment of working women.

**14.3** The Department has a total sanctioned strength of 119 employees of which 80 officers/ staff are in position, including 8 Women 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.



## Statement of Scheme wise Expenditure

## Department of Public Enterprises Demand No. 45 2018-19

(₹in thousand)

Scheme	BE 2018-19	RE 2018-19	Total Expenditure 2018-19
<b>CRR Scheme</b>			
Publications	0	0	0
Other Administrative Expenses	500	500	500
Professional & Special Services	28500	38100	38100
Grants-in-Aid	500	500	0
CRR Scheme NER (Grant-in-Aid)	500	500	0
<b>RDC Scheme</b>			
Domestic Travel Expenses	2000	912	912
Foreign Travel Expenses	500	0	0
Publications	2000	1322	1322
Other Administrative Expenses	9000	9739	9739
Professional & Special Services	23000	29927	29927
Grants-in-Aid	500	8500	8500
Contribution ICPE	10000	0	0
RDC Scheme NER (Grant-in-Aid)	8000	0	0
<b>Total</b>	<b>85000</b>	<b>90000</b>	<b>89000</b>

## Reservation in services for Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and others, in the CPSEs

- 16.1** The Personnel and Recruitment Policies in respect of appointments against below Board level posts are formulated by the management of respective CPSEs. However, on matters of general importance, policy guidelines are issued by the Government of India to the enterprises so as to enable them to frame their individual corporate policies. Furthermore, formal Presidential Directives are issued to CPSEs by the concerned administrative Ministries to ensure reservation in regard to employment for Scheduled Castes, Scheduled Tribes and Other Backward Classes (OBCs), on similar lines as applicable in the Central Government Ministries / Departments. Through DPE OM dated 25.02.2015 has stipulated that instructions as issued by Government in respect of reservations to SC/ ST/ OBC/ Disability & Ex-servicemen are to be taken as *mutatis mutandis* extended to all the CPSEs concerned unless specified otherwise by DPE.
- 16.2** A comprehensive Presidential Directive incorporating all important instructions on reservation for SCs and STs was issued by DPE to all the administrative Ministries/ Departments concerned on 25th April, 1991 for formal issuance of the same to CPSEs. Necessary changes and modifications are also circulated to CPSEs through their administrative Ministries/ Departments for information and compliance.
- 16.3** Subsequently, based on the recommendation of the Second Backward Classes Commission (Mandal Commission) and in accordance with the Hon'ble Supreme Court Judgment in the Indira Sawhney case, instructions were issued in providing reservation of 27% of vacancies in favour of Other Backward Classes (OBCs). The Department of Personnel & Training (DoPT) which formulates the policy in respect of reservation in services, has been issuing instructions from time to time on various aspects of reservation in favour of OBCs. Reservation for OBCs was made effective w.e.f. 8.9.1993. Department of Public Enterprises (DPE) has been extending these instructions to CPSEs through their administrative Ministries for compliance. A comprehensive Presidential Directive incorporating the instructions was forwarded by the Department of Public Enterprises to all administrative Ministries vide DPE's OM dated 27th July, 1995 for formal issuance to the CPSEs under their control.
- 16.4** DoPT instructions on allocation of a sub-quota of 4.5% for minorities within the 27% reservation for OBCs have been

also extended vide DPE O.M. dated 2nd January, 2012 to the administrative Ministries/Departments (concerned with CPSEs) for implementation in CPSEs under their control.

- 16.5** The present quota for providing reservation for candidates belonging to Scheduled Castes, Scheduled Tribes and OBCs as well as other categories of persons entitled to reservation of vacancies is shown below:

Category	Quota for Reservation
Scheduled Castes	15%
Scheduled Tribes	7.5%
Other Backward Classes (including sub-quota of 4.5% for minorities)	27%
Physically Handicapped Persons	4%
Economically Weaker Sections (EWSs)	10%

As per policy of reservation for Ex-servicemen & Dependents of those killed in action, 14.5% posts in respect of skilled workers and 24.5% post in respect of unskilled posts are reserved for Ex-servicemen in CPSEs.


- 16.6** The need to ensure timely filling up of reserved posts and the backlog has been stressed through various instructions issued 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 in

Direct Recruitment as well as in Promotion in accordance with the existing instructions. Further, the DoPT has issued instructions from time to time to launch a Special Recruitment Drive (s) to fill up backlog of reserved vacancies for SCs, STs & OBCs in CPSEs. DPE has also extended these instructions to all administrative Ministries/Departments dealing with CPSEs to fill up these vacancies in a time bound manner.

- 16.7** Further in terms of DPE OM dated 25-10-2017, all executives i.e. Board & below board level will be considered as creamy layer subject to the proviso that those executives whose annual income as per criterion given in DoPT OM dated 08-09-1993 is less than ₹ 8 lakhs (as amended vide DoPT OM dated 13-09-2017) will not fall under creamy layer criteria. It is for the concerned CPSE to issue the necessary orders for the posts covered under creamy layer criteria on the above mentioned principle.

- 16.8** DPE has also extended instructions vis-à-vis the scheme for reservation for Ex-servicemen in CPSEs through the administrative Ministries/Departments. Instructions for streamlining the procedure for recruitment of Ex-servicemen have also been issued with a view to augment their in-take in CPSEs. Such CPSEs, which are in a position to offer agencies/dealerships, have been advised to reserve quota of such agencies/dealership for allotment to Ex-servicemen.

- 16.9** DPE has issued Presidential Directive on 11.3.1997 to all the administrative Ministries / Departments concerned with



the CPSEs in follow-up of DoPT instructions for employment of physically challenged persons in CPSEs. With the enactment of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, the reservation to physically challenged persons have been extended to identified Group 'A' and 'B' posts to be filled through Direct Recruitment. As per the The Rights of Persons with Disabilities Act, 2016, not less

than 4% posts shall be reserved for persons with disabilities.

**16.10** The instructions issued by DoPT vide its OM dated 19.01.2019 & 31.01.2019 and DO dated 21.01.2019 in respect of 10% reservation to Economically Weaker Sections (EWSs) are also mutatis mutandis extended to all the CPSEs in terms of DPE OM dated 25.01.2019 and 01.02.2019.

Organogram of Department of Public Enterprises

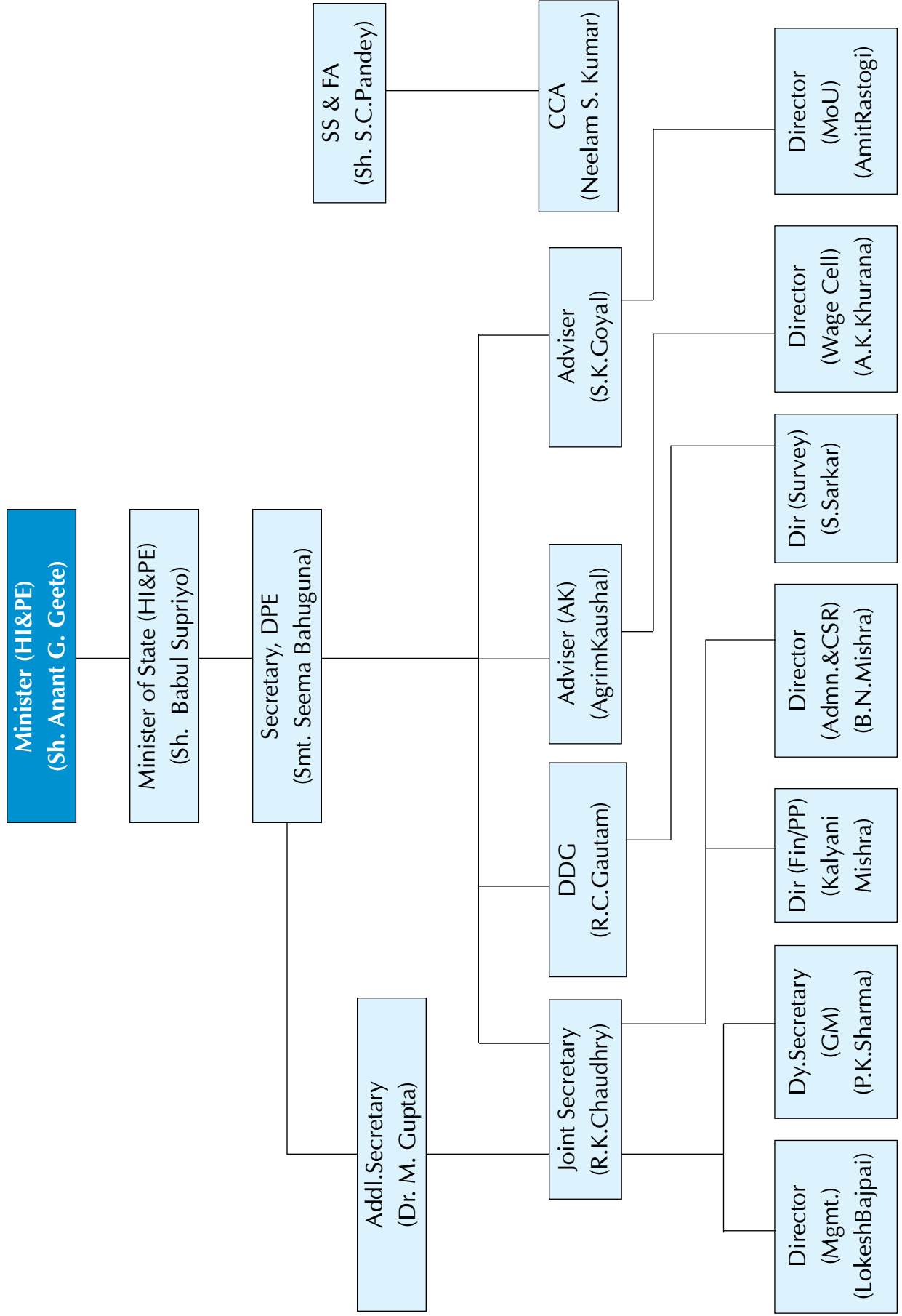


Table 1: Performance of CPSEs during 2017-18

(₹. in crore)

Sl. No.	Item/Indicator	2017-18	2016-17	% growth over 2016-17
1.	Number of Operating CPSEs	257	257	-
2.	Gross Revenue of (operating) CPSEs	2155948	1955675	10.24
3.	Total Income of (operating) CPSEs	2033545	1821971	11.61
4.	Investment in (Operating) CPSEs	1331998	1217609	9.39
4.1	Total paid up capital	249988	232161	7.68
4.2	Total investment (equity plus long term loans)	1373412	1245819	10.24
4.3	Capital employed (Paid up capital + long term loans and reserves & surplus)	2315707	2166801	6.87
5.	Profit of (profit making) CPSEs	159635 (184)	152978 (175)	4.35
6.	Loss of (loss making) CPSEs	(-)31261 (71)	(-) 27480 (81)	13.76
7.	CPSEs neither making profit nor making loss	2	1	-
8.	Overall Net Profit	128374	125498	2.29
9.	Reserves and Surplus of CPSEs	942295	920981	2.31
10.	Net Worth of operating CPSEs	1108595	1066885	3.91
	Net Worth of all CPSEs	1126782	1083942	3.95
11.	Contribution of CPSEs to Central Exchequer	350052	360815	- 2.98
12.	Foreign Exchange earnings of CPSEs	86980	87768	-0.90
13.	Foreign Exchange Outgo of CPSEs	496581	438996	13.12

### Salient features of Maharatna scheme


**Eligibility Criteria for grant of Maharatna status:** The CPSEs meeting the following eligibility criteria are considered for Maharatna status:-

- a) Having Navratna status
- b) Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations
- c) An average annual turnover of more than ₹25,000 crore during the last 3 years
- d) An average annual net worth of more than ₹15,000 crore during the last 3 years
- e) An average annual net profit after tax of more than ₹5,000 crore during the last 3 years
- f) Should have significant global presence/international operations.

**Procedure for grant/divestment of Maharatna status:** - The procedure for grant of Maharatna status as well as their review is similar to that in vogue for the grant of Navratna status.

**Powers delegated to Maharatna CPSEs:** - (1) The Boards of Maharatna CPSEs in addition to exercising all powers to Navratna CPSEs, exercise enhanced powers in the area of investment in joint ventures/ subsidiaries and creation of below Board level posts. The Boards of Maharatna CPSEs have powers to (a) make equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad and (b) undertake mergers & acquisitions, in India or abroad, subject to a ceiling of 15% of the net worth of the concerned CPSE in one project, limited to an absolute ceiling of ₹5,000 crore (₹1,000 crore for Navratna CPSEs). The overall ceiling on such equity investments and mergers and acquisitions in all projects put together will not exceed 30% of the net worth of the concerned CPSE. In addition, the Boards of Maharatna CPSEs have powers to create below Board level posts upto E-9 level.

- (2) The delegated powers to establish financial joint ventures and subsidiary entities would be exercised by the Board of Maharatna CPSEs in the following manner.
  - (i) The proposal for establishing financial joint ventures and subsidiary entities will be presented to the Board of the concerned CPSE.
  - (ii) The concerned administrative Ministry/Department will obtain the concurrence of NITI Aayog for such proposals on a case to case basis and firm up its view on the proposals as the stakeholder for the Board's deliberations through its representative on the Board for appropriate decision.

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- (3) The Government Directors will ensure that the views of the Government, being the majority shareholder, on such proposals are properly presented before the Board while a decision on such proposal is being taken. The decision for investment to set up financial joint ventures and subsidiary entities should only be taken by the Board when Government Directors are present in the board meeting.




### Salient features of Navratna scheme

1. **Eligibility criteria for grant of Navratna Status :** The CPSEs which are Miniratna I, Schedule 'A' and have obtained 'excellent' or 'very good' MOU rating in three of the last five years and have a 'Composite Score' of performance to be 60 or above in six identified performance parameters are eligible to be considered for grant of Navratna status. The composite score is calculated on the basis of performance of the concerned CPSEs during the last three years. For calculation of composite score, 6 performance indicators have been identified based on their general applicability to the PSUs. The performance indicators have been chosen so as to capture the performance of PSUs irrespective of their belonging to manufacturing sector or services sector. The 6 identified performance indicators are:-

S. No.	Performance Indicator	(Maximum Weight)
1.	Net Profit to Networth	25
2.	Manpower Cost to total Cost of Production or Cost of Services	15
3.	PBDIT to Capital employed	15
4.	PBIT to Turnover	15
5.	Earning Per Share	10
6.	Inter Sectoral Performance	20
	<b>Total</b>	<b>100</b>

2. **The powers 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 centres, opening of offices in India and abroad, creating new activity centres, etc.

- (iv) **Human Resources Management:-** The Navratna CPSEs have been empowered to create posts upto E-6 level 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 for borrowings from international market, subject to 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:-** (1) 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: -
- i) ₹1000 crore in any one project,
  - ii) 15% of the net worth of the CPSE in one project,
  - iii) 30% of the net worth of the CPSE in all joint ventures/ subsidiaries put together.
3. The delegated powers to establish financial joint ventures and subsidiary entities would be exercised by the Board of Navratna CPSEs in the following manner:
- (i) The proposal for establishing financial joint ventures and subsidiary entities will be presented to the Board of the concerned CPSE.
  - (ii) The concerned administrative Ministry/Department will obtain the concurrence of NITI Aayog for such proposals on a case to case basis and firm up its view on the proposals as the stakeholder for the Board's deliberations through its representative on the Board for appropriate decision.
4. The Government Directors will ensure that the views of the Government, being the majority shareholder, on such proposals are properly presented before the Board while a decision on such proposal is being taken. The decision for investment to set up financial joint ventures and subsidiary entities should only be taken by the Board when Government Directors are present in the board meeting.
- (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 of/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.

#### 5. **Conditions/guidelines for exercise of delegated Navratna powers:**

- a) The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors if any must be clearly brought out.
- b) The Government Directors, the Financial Directors and the concerned Functional Director(s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/ capital restructuring.
- c) The decisions on such proposals should preferably be unanimous.
- d) In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.
- e) No financial support or contingent liability on the part of the Government should be involved.
- f) These CPSEs will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.
- g) All the proposals, where they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments or where they would have a long term impact on the structure and functioning of the CPSE, should be prepared by or with the assistance of professionals and experts and should be appraised, in suitable cases, by



financial institutions or reputed professional organizations with expertise in the areas. The financial appraisal should also preferably be backed by an involvement of the appraising institutions through loans or equity participation.

- h) The exercise of authority to enter into technology joint ventures and strategic alliances shall be in accordance with the Government guidelines as may be issued from time to time.
- i) The Boards of these CPSEs should be restructured by inducting at least four non-official Directors as the first step before the exercise of the enhanced delegation of authority.
- j) These public sector enterprises shall not depend upon budgetary support or Government guarantees. The resources for implementing their programmes should come from their internal resources or through other sources, including the capital markets. However, wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Navratna status. Further, budgetary support to implement Government sponsored projects of national interest and Government sponsored Research & Development projects will not disqualify CPSEs from retaining their Navratna status. However, for such projects, investment decisions will be taken by the Government and not by the CPSE concerned.

### Salient features of Miniratna scheme

1. Eligibility conditions and criteria for grant of Miniratna status are as under.
  - (i) **Category-I CPSEs** should have made profit in the last three years continuously, the pre-tax profit should have been ₹30 crores or more in at least one of the three years and should have a positive net worth.
  - (ii) **Category-II CPSEs** should have made profit for the last three years continuously and should have a positive net worth.
  - (iii) 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.
  - (iv) These public sector enterprises shall not depend upon budgetary support or Government guarantees.
  - (v) 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.
  - (vi) 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.
- (ii) The delegation of decision-making authority available at present to the Boards of these Miniratna CPSEs is as follows:
  - (i) **Capital Expenditure**
    - (a) **For CPSEs in category I:** The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval upto ₹500 crore or equal to net worth, whichever is less.
    - (b) **For CPSEs in category II:** The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval upto ₹250 crore or equal to 50% of the Net worth, whichever is less.
  - (ii) **Joint ventures and subsidiaries:**
    - (1) (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 ₹ 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 ₹250 crore, whichever is less. The overall ceiling on such investment in all projects put together is 30% of the networth of the CPSE.

(2) **The delegated powers to establish financial joint ventures and subsidiary entities would be exercised by the Board of Miniratna CPSEs in the following manner.**

(i) The proposal for establishing financial joint ventures and subsidiary entities will be presented to the Board of the concerned CPSE.

(ii) The concerned administrative Ministry/Department will obtain the concurrence of NITI Aayog for such proposals on a case to case basis and firm up its view on the proposals as the stakeholder for the Board's deliberations through its representative on the Board for appropriate decision.

(3) The Government Directors will ensure that the views of the Government , being the majority shareholder, on such proposals are properly presented before the Board while a decision on such proposal is being taken. The decision for investment to set up financial joint ventures and subsidiary entities should only be taken by the Board when Government Directors are present in the Board meeting.

(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 Executive 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.

**List of Miniratna CPSEs (as on 31<sup>st</sup> March, 2019)**

**Miniratna Category - I CPSEs**

1. Airports Authority of India
2. Antrix Corporation Limited
3. BalmerLawrie & Co. Limited
4. Bharat Coking Coal Limited
5. Bharat Dynamics Limited
6. BEML Limited
7. Bharat Sanchar Nigam Limited
8. Bridge & Roof Company (India) Limited
9. Central Warehousing Corporation
10. Central Coalfields Limited
11. Chennai Petroleum Corporation Limited
12. Cochin Shipyard Limited
13. Dredging Corporation of India Limited
14. EdCIL (India) Limited
15. Kamarajar Port Limited
16. Garden Reach Shipbuilders & Engineers Limited
17. Goa Shipyard Limited
18. Hindustan Copper Limited
19. HLL Lifecare Limited
20. Hindustan Newsprint Limited
21. Hindustan Paper Corporation Limited
22. Housing & Urban Development Corporation Limited
23. HSCC (India) Limited





24. India Tourism Development Corporation Limited
25. Indian Rare Earths Limited
26. Indian Railway Catering & Tourism Corporation Limited
27. Indian Railway Finance Corporation Limited
28. Indian Renewable Energy Development Agency Limited
29. India Trade Promotion Organization
30. IRCON International Limited
31. KIOCL Limited
32. Mazagaon Dock Shipbuilders Limited
33. Mahanadi Coalfields Limited
34. MOIL Limited
35. Mangalore Refinery & Petrochemical Limited
36. Mineral Exploration Corporation Limited
37. Mishra Dhatu Nigam Limited
38. MMTC Limited
39. MSTC Limited
40. National Fertilizers Limited
41. National Projects Construction Corporation Limited
42. National Small Industries Corporation Limited
43. National Seeds Corporation
44. NHPC Limited
45. Northern Coalfields Limited
46. North Eastern Electric Power Corporation Limited
47. Numaligarh Refinery Limited
48. ONGC Videsh Limited
49. Pawan Hans Helicopters Limited

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50. Projects & Development India Limited
  51. Railtel Corporation of India Limited
  52. Rail Vikas Nigam Limited
  53. Rashtriya Chemicals & Fertilizers Limited
  54. RITES Limited
  55. SJVN Limited
  56. Security Printing and Minting Corporation of India Limited
  57. South Eastern Coalfields Limited
  58. Telecommunications Consultants India Limited
  59. THDC India Limited
  60. Western Coalfields Limited
  61. WAPCOS Limited

#### **Miniratna Category-II CPSEs**

62. Artificial Limbs Manufacturing Corporation of India
63. Bharat Pumps & Compressors Limited
64. Broadcast Engineering Consultants (I) Limited
65. Central Mine Planning & Design Institute Limited
66. Central Railside Warehouse Company Limited
67. Engineering Projects (India) Limited
68. FCI Aravali Gypsum & Minerals India Limited
69. Ferro Scrap Nigam Limited
70. HMT (International) Limited
71. Indian Medicines & Pharmaceuticals Corporation Limited
72. MECON Limited
73. National Film Development Corporation Limited
74. Rajasthan Electronics & Instruments Limited

## Salient features of the Guidelines on Corporate Governance for CPSEs

### Composition of Board

1. In respect of the Board composition, these Guidelines provide that the number of functional Directors should not exceed 50% of the actual strength of the Board; and the number of Government nominee Directors shall be restricted to maximum of two. In case of listed CPSEs with executive chairmen, the number of non-official Directors shall be at least 50% of Board members. In case of unlisted and listed CPSEs with non-executive chairmen, 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. Relevant clauses have been incorporated in these guidelines to ensure 'independence' of non-official Directors and avoid potential conflict of interest. It has also been provided that the Directors nominated by any institution other than public financial institution will not be treated as non-official Directors.
2. 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 held in a year and all relevant information is 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.

### Audit Committee

3. 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 an independent Director as Chairman. The Audit Committee has been given extensive powers with regard to financial matters of company and is required to meet at least 4 times in a year.

### Subsidiary Companies

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



## Disclosures


5. 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.

## Compliance

6. It has also been mandated in the Guidelines that Annual report of companies should contain a separate section on Corporate Governance 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. The CPSEs are required to submit quarterly compliance/grading report in the prescribed format to their administrative Ministries who will furnish consolidated annual report to DPE.

**Schedule wise list of CPSEs****Schedule - A**


1. Airports Authority of India
2. Air India Limited
3. BEML Limited
4. Bharat Electronics Limited
5. Bharat Heavy Electricals Limited
6. Bharat Petroleum Corporation Limited
7. Bharat Sanchar Nigam Limited
8. Central Warehousing Corporation
9. Coal India Limited
10. Container Corporation of India Limited
11. Dedicated Freight Corridor Corporation of India Limited
12. Electronics Corporation of India Limited
13. Engineers India Limited
14. Fertilizers & Chemicals (Travancore) Limited
15. Food Corporation of India
16. GAIL (India) Limited
17. Heavy Engineering Corporation Limited
18. Hindustan Aeronautics Limited
19. Hindustan Copper Limited
20. Hindustan Paper Corporation Limited
21. Hindustan Petroleum Corporation Limited
22. HMT Limited

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23. Housing & Urban Development Corporation Limited
  24. I T I Limited
  25. Indian Oil Corporation Limited
  26. IRCON International Limited
  27. Indian Railway Finance Corporation Limited
  28. Konkan Railway Corporation Limited
  29. KIOCL Limited
  30. MMTC Limited
  31. Mahanagar Telephone Nigam Limited
  32. Mangalore Refinery & Petrochemicals Limited
  33. Mazagon Dock Shipbuilders Limited
  34. MECON Limited
  35. MOIL Limited
  36. Mumbai Railway Vikas Corporation Limited
  37. National Aluminium Company Limited
  38. NBCC (India) Limited
  39. National Fertilizers Limited
  40. NHPC Limited
  41. NMDC Limited
  42. National Textiles Corporation Limited
  43. NTPC Limited
  44. NLC India Limited
  45. North Eastern Electric Power Corporation Limited
  46. Oil & Natural Gas Corporation Limited
  47. Oil India Limited
  48. ONGC Videsh Limited

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49. Power Finance Corporation Limited
  50. Power Grid Corporation of India Limited
  51. Power System Operation Corporation Limited
  52. RITES Limited
  53. RailTel Corporation of India Limited
  54. Rail Vikas Nigam Limited
  55. Rashtriya Chemicals and Fertilizers Limited
  56. Rashtriyaspat Nigam Limited
  57. Rural Electrification Corporation Limited
  58. SJVN Limited
  59. Security Printing & Minting Corporation of India Limited
  60. Shipping Corporation of India Limited
  61. Solar Energy Corporation of India Limited
  62. State Trading Corporation of India Limited
  63. Steel Authority of India Limited
  64. Telecommunications Consultants (India) Limited
  65. THDC India Limited

**Schedule - B**

1. Andrew Yule & Company Limited
2. BalmerLawrie& Company Limited
3. Bharat Coking Coal Limited
4. Bharat Dynamics Limited
5. Bharat Petro Resources Limited
6. Bharat Pumps & Compressors Limited
7. Brahmaputa Crackers & Polymers Limited
8. Brahmaputra Valley Fertilizer Corporation Limited

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9. Biotechnology Industry Research Assistance Council
  10. Braithwaite & Company Limited
  11. Bridge & Roof Company (India) Limited
  12. British India Corporation Limited
  13. Burn Standard Company Limited
  14. Cement Corporation of India Limited
  15. Central Coalfields Limited
  16. Central Electronics Limited
  17. Central Mine Planning & Design Institute Limited
  18. Chennai Petroleum Corporation Limited
  19. Cochin Shipyard Limited
  20. Cotton Corporation of India Limited
  21. Dredging Corporation of India Limited
  22. Eastern Coalfields Limited
  23. Engineering Projects (India) Limited
  24. Kamrajar Port Limited
  25. Fertilizer Corporation of India Limited
  26. Garden Reach Shipbuilders & Engineers Limited
  27. Goa Shipyard Limited
  28. Handicrafts & Handlooms Export Corporation Limited
  29. Hindustan Cables Limited
  30. Hindustan Fertilizer Corporation Limited
  31. HLL Lifecare Limited
  32. Hindustan Newsprints Limited
  33. Hindustan Organic Chemicals Limited
  34. Hindustan Shipyard Limited



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35. Hindustan Steelworks Construction Company Limited
  36. HMT (International) Limited
  37. HMT Machine Tools Limited
  38. HMT Watches Limited
  39. India Tourism Development Corporation Limited
  40. India Trade Promotion Organization
  41. Indian Drugs & Pharmaceuticals Limited
  42. Indian Railway Catering & Tourism Corporation Limited
  43. IREI (India) Limited
  44. Indian Renewable Energy Development Agency Limited
  45. Instrumentation Limited
  46. MSTC Limited
  47. Madras Fertilizers Limited
  48. Mahanadi Coalfields Limited
  49. Mineral Exploration Corporation Limited
  50. Mishra Dhatu Nigam Limited
  51. National Handloom Development Corporation Limited
  52. National Jute Manufacturers Corporation Limited
  53. National Projects Construction Corporation Limited
  54. National Seeds Corporation Limited
  55. National Small Industries Corporation Limited
  56. Northern Coalfields Limited
  57. Numaligarh Refinery Limited
  58. Orissa Mineral Development Company Limited
  59. PEC Limited
  60. Pawan Hans Limited

61. Projects & Development India Limited
62. Scooters India Limited
63. South Eastern Coalfields Limited
64. Uranium Corporation of India Limited
65. WAPCOS Limited
66. Western Coalfields Limited

### **Schedule - C**

1. Andaman & Nicobar Islands Forest & Plantation Development Corporation Limited
2. Artificial Limbs Mfg. Corporation of India
3. Brithwaite Burn & Jessop Construction Company Limited
4. Bengal Chemicals & Pharmaceuticals Limited
5. BHEL Electric Machines Limited
6. Bharat Wagon & Engineering Company Limited
7. The Bisra Stone Lime Company Limited
8. Broadcast Engineering Consultants India Limited
9. Central Cottage Industries Corporation of India Limited
10. Central Inland Water Transport Corporation Limited
11. Central Railside Warehouse Company Limited
12. Certification Engineers International Limited
13. Delhi Police Housing Corporation
14. EdCIL (India) Limited
15. FCI Aravali Gypsum & Minerals (India) Limited
16. Ferro Scrap Nigam Limited
17. Hindustan Antibiotics Limited
18. HIL (India) Limited
19. Hindustan Photo Films Manufacturing Company Limited

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20. Hindustan Prefab Limited
  21. Hindustan Salts Limited
  22. HMT Bearings Limited
  23. HMT Chinar Watches Limited
  24. Hooghly Dock and Port Engineers Limited
  25. HSCC (India) Limited
  26. Hotel Corporation of India Limited
  27. The Jute Corporation of India Limited
  28. Karnataka Antibiotics & Pharmaceuticals Ltd
  29. Nagaland Pulp & Paper Company Limited
  30. National Backward Classes Finance & Development Corporation.
  31. National Film Development Corporation Limited
  32. National Handicapped Finance & Development Corporation.
  33. National Minorities Development & Finance Corporation
  34. National Research Development Corporation of India.
  35. National SafaiKaramcharis Finance & Development Corporation.
  36. National Scheduled Castes Finance & Development Corporation
  37. National Scheduled Tribes Finance & Development Corporation
  38. NEPA Limited
  39. North Eastern Handicrafts & Handloom Development Corporation Limited
  40. North Eastern Regional Agricultural Marketing Corporation Limited
  41. Rajasthan Electronics & Instruments Limited
  42. Richardson & Cruddas (1972) Limited
  43. STCL Limited
  44. Tungabhadra Steel Products Limited



## Schedule - D

1. Birds Jute & Exports Limited
2. Hindustan Fluorocarbons Limited
3. Indian Medicines Pharmaceutical Corporation Limited
4. Orissa Drugs & Chemicals Limited
5. Rajasthan Drugs & Pharmaceuticals Limited

**Guidelines for “Streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises: General principles and mechanism of restructuring”:**

1. These guidelines are laid down for streamlining the mechanism for restructuring / revival or closure of sick or incipient sick CPSEs and replace the multiple process options available for the same purpose.
2. Multiple mechanisms for restructuring/revival of sick and incipient sick CPSEs exist. Sick industrial companies as defined in Sick Industrial Companies Act 1985 are referred to Board for Industrial Financial Reconstruction (BIFR), which suggest a restructuring plan and seek sacrifices & commitments from promoters and stake holders. Board for Reconstruction of Public Sector Enterprises (BRPSE) has been created to advise the government through the resolution No.16(25) 2004-Fin. dated 6<sup>th</sup> December, 2004 to consider the restructuring or revival plan of CPSEs prepared by a CPSE itself under the guidance of its administrative ministry. The administrative ministry may, in the public interest, prepare a revival or restructuring plan for a CPSE which may involve comprehensive restructuring, disinvestment, closure etc of the sick and incipient sick CPSE and take it directly to the competent authority for appropriate decision.
3. Primary responsibility for supervision of a CPSE for its efficient functioning lies in the administrative ministry and final view for restructuring and revival of sick and incipient sick CPSEs or taking appropriate measures for CPSEs showing early indications of weakness has to be taken by them with approval of the competent authority after inter - ministerial consultation and concurrence of the Ministry of Finance through PIB/ EFC mechanism as may be required. It is in the public interest to make this process, time bound, comprehensive, performance driven and efficient so that such decisions are taken and implemented in a time bound manner to minimise further losses. Hence there is a need to lay down broad principles and guidelines to be followed in such cases.
4. **Guidelines:**
  - 4.1 The Companies Act, 2013 Chapter XIX refers to Revival and Rehabilitation of Sick Companies and Chapter XX to Winding up of the Companies. The decision whether a company has become a sick company would be taken by the Tribunal (National Company Law Tribunal). The Administrative Ministries/ Departments have to keep a track of the debts of CPSEs and take advance action to avoid a situation where the CPSEs may be considered fit to be declared sick entity as per provisions of the Companies Act, 2013.
  - 4.2 The administrative ministry shall, at the end of the each financial year, analyse the performance of its CPSEs to classify them by a specific order in the following categories within 6 months of the closure of the financial year or within one month from finalisation of Annual Accounts, whichever is earlier.

- 4.2.1 Sick CPSEs: A CPSE shall be considered sick if it meets one of the following criteria:
- a. If it is declared sick as per the provisions of the Companies Act, 2013.
  - b. If its net worth is negative.
- 4.2.2 Incipient sick CPSEs: A CPSE would be considered incipient sick if it meets one of the following criteria:
- a. If its net worth is less than 50% of its paid-up capital in any financial year.
  - b. If it had incurred losses consecutively for three years.
- 4.2.3 Weak CPSEs: A CPSE would be considered weak or sub optimally performing if it meets one of the following criteria:
- a. If its turnover or its operational profit has declined by more than an average of 10% in the last 3 years.
  - b. If its profit before tax is less than income from the other sources.
  - c. If its trade receivable and inventories are more than 50% of net worth of the CPSE.
  - d. If the claims against the company, not acknowledged as debts, are more than its net worth.
  - e. Any other criteria as may be prescribed to quantify early signs of weakness in the performance of the CPSEs by the government.
- 4.3 In all the reference to Net worth, it would have the same meaning as defined under Section 2 (57) of the Companies Act, 2013.
- 4.4 The administrative ministry will take the following action:
- a) The administrative ministry will put weak CPSEs under “observation and intensive review” to arrest the early signs of weakness in such CPSEs. It may include nomination of independent expert members on the board, quarterly intensive review or special reviews for taking corrective business, operational and financial measures at the board level, fixing the responsibility for declining performance or non-performance or any other corrective step as may be appropriate and necessary by the administrative ministry or department.
  - b) The administrative ministry shall initiate the process for preparation of restructuring/ revival plan, which may include disinvestment or privatisation or closure options, for sick/ incipient sick CPSEs based on the classification as given above within 6 months from the closure of the financial year or within one month from finalisation of Annual Accounts, whichever is earlier.



- c) Restructuring and revival plan for the sick and incipient sick CPSEs shall be prepared within nine months of the closure of the financial year.
- d) External expert agency which has experience and expertise of the business environment, operational issues, technology option and financial viability of the sector in which such CPSE is functioning may be engaged by the government and shall function under the supervision of the administrative ministry for preparation of the future road map.

4.5 Restructuring and revival plan with the help of the agency and other experts, as may be required, shall be prepared by the administrative ministry/department and shall specifically include:

4.5.1 Perspective of Relevance and Functioning:

- a) Background and purpose of the formation of the CPSE.
- b) Economic and regulatory environment along with their impact on the growth of the company
- c) Liberalisation and its impact on its business operation
- d) Ability of the CPSE in adapting new business strategies, technology to regain and sustain its economic viability.
- e) Efforts and special interventions made for its revival or avert early sickness and its impact on the health of the CPSE.

4.5.2 Strategic Plan for Restructuring/Revival:

- a) The concerned administrative ministry/department should clearly bring out the national and strategic interest served by the CPSEs in the light of the sectoral business environment, domestic as well as global.
- b) Prevailing market need to be analysed for supply of goods or services through other providers in the private sector, domestic or from other countries, to bring out if there is a specific role of the CPSE in this segment to serve the national strategic or defence interests.
- c) Keeping the business environment other relevant facts in mind, a CPSE may be categorised as a high priority or priority CPSE to meet the strategic interest of the country. For this purpose, a report of the 14<sup>th</sup> Finance Commission may also be referred to.
- d) All other sick CPSEs which are not required to serve the strategic national/ defence interests should be categorised as non priority CPSEs.

#### 4.5.3 Business Plan for Restructuring/ Revival Plan:

##### **A. High Priority or Priority CPSE.**

- a) For high priority CPSEs, the business plan has to be made keeping in mind the strategic national interest and economically viable business opportunities.
- b) For strategic business model, requirement for Government policy convergence should be clearly spelt out to meet the economic viability of such enterprises. Also, viability gap funding, if required for such strategic operations have to be brought out.
- c) For high priority sector, the business plan may be drawn seeking specific financial and non financial support from the Government. It may include strategic disinvestments or joint ventures etc.

##### **B. Non-priority CPSE.**

- a) For CPSEs in the non-priority category, the business plan is to be made on business and economic viability model to attain self sufficiency in short or medium term.
- b) Business plan should be based on performance efficiency bench marks, viable scale of economic operation and road map for technology adoption/ upgradation to support business strategy for viability and sustainability over period of time.
- c) Business reorganisation through merger, demerger or closure of various business activities.
- d) It should support desirable market share to be sustainable in the medium and long term.
- e) All the presumptions underlying the business plan with respect to their business environment, economic viability and mechanism of funding should be market validated and credibly established.

#### 4.5.4 Operational Restructuring:

- a) Keeping in mind the business plan, the required human resource needs are to be assessed and rationalised.
- b) It may be seen whether sectoral efficiency benchmarks as are existing globally/ domestically can be achieved by the CPSE in short or medium term through implementation of this plan in shortest period of time.
- c) Options for adopting requisite technology and up-gradation of the same as per requirement through various management options including JV, disinvestment or privatisation to be factored into the operational restructuring plan.
- d) The options of merger or de-merger of various operations in line with the proposed business plan to ensure continuous procurement of new technology and its up-gradation.



#### 4.5.5 Financial Restructuring Plan:

- a) For high priority and priority CPSEs, a comprehensive financial restructuring plan should be drawn comprising various methods of financing with minimum and unavoidable viability gap funding in the strategic national/defence interest. Limited private investment through disinvestment within permissible limits may also be considered under financial plan.
- b) In case of other (non priority) CPSEs financing plan should be based on economic viability of operations. Various options of leveraging private and/or institutional funding may be explored.
- c) Details of projected profitability/cash flow for the next five years. These presumptions should be pragmatic and market validated.

#### 4.6 Mechanism and Methodology to be followed for restructuring/ revival/closing of sick CPSEs

- a) The concerned administrative ministry/ department would classify the CPSE as sick CPSE, incipient sick or with early indications of weakness as per para 4.2 above. The concerned Administrative Ministry/ Department will also inform DPE about the status of CPSE accordingly.
- b) The concerned administrative ministry/ department will be responsible for formulating revival/ restructuring/ closure road map for sick CPSEs as per the principles outlined above. This would be done within three months from the issue of these guidelines in case of existing sick CPSEs and within nine months from the end of the financial year for a CPSE becoming sick subsequently.
- c) Administrative Ministry/ Department may engage credible expert organisation for drawing of business, operational and financial restructuring plans. Such expert entity, if appointed, should function under the direct control of administrative ministry/ department so as to draw a professionally credible, implementable and realistic restructuring plan. Suitable mechanism for market validation should be incorporated during the Request for Proposal (RFP) stage of engagement of expert(s)/ expert organization(s) and the market validation should be cross checked and confirmed by the administrative ministry/department as well.
- d) Implementation plan with specified time line for various stages should be objective, quantifiable and supported with the monitoring mechanism.

**Subject: Guidelines for time bound closure of Sick/ Loss Making Central Public Sector Enterprises (CPSEs) and disposal of Movable and Immovable assets.**

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To expeditiously complete the procedures for closure of CPSEs and lay down responsibilities of the concerned ministries/ departments/ CPSE, etc., guidelines for time bound closure of Sick/ Loss Making CPSEs and disposal of movable and immovable assets are laid down hereunder:

**1 APPLICABILITY:**

These guidelines shall apply to all sick/ loss making CPSEs, where –

- (iii) Approval/ in principle approval for closure has been obtained by administrative Ministry/ Department from the CCEA/ Cabinet; or
- (iv) The process for obtaining the approval of the competent authority is underway after the administrative Ministry/ Department has decided for the closure of the CPSE.

Note: These guidelines shall not apply to CPSEs under liquidation where liquidator has been appointed. The Administrative Ministry/ Department of such CPSE(s) may take necessary action relating to closure of the CPSE and disposal of its movable/immovable assets in consultation with NITI Aayog and in accordance with the legal requirements of the liquidation process.

**2. DEFINITIONS**

- (i) Preparatory Date ( $P_0$ ) shall be the date on which administrative Ministry takes the decision for closure of the CPSE.
- (ii) Zero Date ( $T_0$ ) shall be the date of issue of minutes conveying the decision of Cabinet/ CCEA for closure. In respect of those CPSEs where approval for closure has already been obtained, the process of closure shall be fast tracked as per these guidelines.
- (iii) CPSE: Certain statutory corporations and all Government Companies in which more than 50% equity is held by the Central Government are classified as CPSEs. The Subsidiaries of these Companies in which any CPSE has more than 50% equity are also categorised as CPSEs, if registered in India.
- (iv) Land Management Agency (LMA) is the CPSE, such as NBCC/ EPIL which has the experience of activities as mentioned in para 5 of the guidelines. It shall be nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to manage, maintain and assist in

disposal of land. If instead of a CPSE, a public agency is to be nominated as the LMA, it shall be done by Ministry of Housing and Urban Affairs (MoHUA).

- (v) Auctioning Agency (AA) is the CPSE, such as MSTC, which is nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to dispose of movable and immovable assets through e-auction in a transparent manner.
- (vi) Reserve Price: Reserve price for disposal of land may be worked out based on the prevalent circle rate in the said location for similar use and the average price at which land assets of similar size in the nearby areas have been sold in the last 3 years, whichever is higher.
- (vii) Single Bid: In cases of sale of land by auction, while dealing with single bid situations, the guidelines/ provisions of Ministry of Finance and CVC guidelines in this regard shall apply.

### **3. ROLE OF CONCERNED ORGANISATIONS/ BODIES**

#### **3.1 Role of the Board of Directors of CPSEs for Closure**

In respect of CPSEs where decision for closure has been taken or in-principle approval for closure has been given by Cabinet/ CCEA, the Directors of the CPSE should provide all support and material required in formulating the closure proposal and its implementation, failing which the administrative Ministry/ Department shall take a view on removing the Functional Directors including the CMD and give additional charge of the CMD to the Joint Secretary concerned and charge of other functional Directors to other senior officers in the administrative Ministry/ Department as per extant guidelines in this regard. This fact of removal of the Functional Directors including the CMD will be communicated to the PESB.

#### **3.2 Role of the administrative Ministry/ Department**

**3.2.1 Preparatory activities:** The Administrative Ministry/ Department of CPSEs in respect of whom in-principle approval for closure has been given and those mentioned in para 1 (ii) of the guidelines shall take advance preparatory action for such CPSEs which shall include the following:

- (a) Negotiate with the secured creditors to settle their dues at the minimum value as One Time Settlement (OTS). Administrative Ministry/Department may critically examine the best possible settlement including schedule of payment, waiver of interest and penalties with secured creditors so that it requires minimum budgetary support.
- (b) Modalities of the settlement of liabilities covered by the Government guarantees will be settled in consultation with the Ministry of Finance.
- (c) Estimation of other liabilities: Administrative Ministry/ Department will get the estimates of all other liabilities required to be paid including unsecured creditors.

**3.2.2** The CPSEs in respect of whom in-principle approval for closure has been given and those for which the administrative Ministry/ Department has decided for closure as mentioned in para

1 (ii) of the guidelines, the concerned administrative Ministry/ Department will be responsible for formulating the detailed proposal for closure of the CPSE and placing the same before the Cabinet/ CCEA within a period of three months from the Preparatory date. It shall be ensured by the administrative Ministry/ Department that all relevant details along with their financial implications including details of liabilities, movable and immovable assets to be offered for sale are covered in the approval para of the proposal for closure of the CPSE. After obtaining decision of the competent authority on closure of the CPSE, the administrative Ministry/ Department shall take up request for budgetary support and shall oversee the settlement of liabilities and disposal of assets including negotiations with the State Governments on land related issues as outlined below:

(a) **Request for Budgetary Support:** Request budgetary support from the Department of Expenditure, Ministry of Finance, within 15 days from the Zero date.

(b) **Settlement of Liabilities:**

(i) Instruct the CPSE for payment of statutory dues/ liabilities towards revenues, taxes, cesses and rates due to Central Government or State Government or to the local authorities within two months from the Zero Date;

(ii) Instruct the CPSE to give a general notice to employees and other stakeholders intimating about intended closure and intimate/ apply to the Ministry of Labour and Employment in respect of closure, as may be applicable under Industrial Disputes Act, 1947 within 05 days from the Zero Date. Implement VRS package with a timeframe/ final cut-off date and settle wages/salaries of employees and statutory dues within 3 months from the Zero Date or within such extended time required due to the need to seek Parliamentary approval for additional funds.

(iii) Take action for completing the legal formalities for retrenchment of employees not opting for VRS within the four months from the Zero Date by payment of compensation as per law.

(iv) Settlement of secured creditors. The settlement should be completed within 3 months from the Zero Date unless there are financing constraints beyond the control of the administrative Ministry/ Department.

(v) Settlement of other liabilities should be the next priority.

(c) **Disposal of Assets**

In case the CPSE is a subsidiary of another CPSE and if the assets are required by such holding company, the same may be transferred to the holding company at book value, in consultation with the State Government, wherever so required within 30 days from zero date ( $T_0$ ). Similarly, if assets are required by the administrative Ministry/ Department for its own use, the same may be transferred to it at book value within 30 days from zero date ( $T_0$ ). In respect of remaining assets, guidelines as mentioned in subsequent paras, i.e., 4.2 and 4.3 shall apply.

#### **(d) Negotiations with the State Government**

The Secretary of the Department/ Ministry concerned shall lead the interactions with the State Government regarding the utilisation/ alternative utilisation of land, return of land to the State Government and conclude these deliberations within a period of two months from Zero Date.

### **3.3 Role of NITI Aayog**

For all cases of closure, NITI Aayog shall monitor the implementation of the decision along the prescribed timelines. There shall be an Oversight Committee in NITI Aayog to carry out the work of monitoring the implementation of decisions of the Government in this regard. The administrative Ministry/ Department may approach NITI Aayog for resolution of any problem/dispute arising out of sale of immovable assets of CPSE(s) approved for closure. NITI Aayog will develop a framework in place for resolution of such issues.

### **3.4 Role of Ministry of Finance**

Ministry of Finance may examine, either through professional help or otherwise, the request for budgetary support at the stage of seeking in-principle or final approval of the competent authority for closure of CPSE. Once closure proposal is approved Ministry of Finance would release funds as per the prescribed time-lines. For this, a mechanism for time bound release of funds required to implement all aspects of closure of CPSEs may be put in place by the Department of Expenditure, Ministry of Finance so that funds are released within one month of receiving the request, except where Parliamentary approval for Supplementary Demand for Grants is required.

### **3.5 Role of Ministry of Housing and Urban Affairs (MoH&UA)**

MoH&UA shall nominate LMA, in cases where a public agency with necessary expertise and resources needs to be identified as the LMA as per para 2(iv) of the guidelines. MoH&UA shall inform the LMA about the requirement for land parcels for affordable housing. Such land shall undergo the process of disposal as per the guidelines of MoH&UA in this regard. A mechanism shall be put in place in MoH&UA for enabling proper co-ordination with the CPSE under closure/ the concerned administrative Ministry/ LMA with regard to process of disposal of land for affordable housing.

## **4. Role/ Activities of CPSEs under closure**

**4.1 Preparatory Activities:** The CPSEs in respect of whom in-principle approval for closure has been given and those for which the administrative Ministry/ Department has decided for closure as mentioned in para 1 (ii) of the guidelines shall take advance preparatory action within three months from the Preparatory Date which shall include the following:

**4.1.1 Estimation of Statutory dues:** The CPSE will estimate the statutory dues/ liabilities towards revenues, taxes, cesses and rates due to Central Government or State Government or to local authorities under the supervision of its administrative Ministry/ Department.

#### 4.1.2 Estimation of dues of employees:

- (i) Preparation of VRS/ VSS package at 2007 notional pay scale, irrespective of the pay scale in which the CPSE is operating for release of the employees. Estimation of financial implications for such a package.
- (ii) Estimation of funds required for payment of wages/salaries and statutory dues in respect of the employees till the time the employees are released by way of opting for VRS/ VSS/ retrenched or settled.
- (iii) Total Estimated budgetary support for (i) and (ii) above with the phasing of requirement of funds and time lines

#### 4.1.3 Estimation of liabilities towards Secured Creditors etc.

- (i) Secured creditors are those in whose favour a charge has been created on the assets of the Company and filed/ registered with the Registrar of Companies.
- (ii) Processing of offers from secured creditors and statutory dues for settling them at minimum value and estimation of the total amount so determined to be paid back to the secured creditors.

#### 4.1.4 Estimation of dues payable to the Central Government: The dues payable to the Central Government availed in the form of loans extended from time to time, segregated into the principal outstanding amount and the interest thereon shall be worked out.

#### 4.1.5 Estimation of other liabilities: Make estimate of all other liabilities required to be paid including unsecured creditors.

#### 4.1.6 Estimation of movable assets:

- (i) Updating details of movable assets including plant(s) & machineries. The inventory of all moveable assets should be got verified/ certified from an independent third party e.g. a firm of Chartered Accountants;
- (ii) Book Value of the movable assets as well as the current estimated market value and estimation of realisable value from their sale by the CPSE/ administrative Ministry/ Department.
- (iii) Where movable assets are on lease negotiation with the lessor whether he would take it back at market price or would like it to be auctioned.
- (iv) Ascertaining whether movable assets are to be utilised by holding CPSE, if any or by the administrative Ministry/ Department.
- (v) Ascertaining whether factory/ office building (superstructure) is required to be disposed of along with movable assets or along with land.

- (vi) Ascertaining of market value of brand name, goodwill, trademarks, etc. of the CPSE under closure.

4.1.7 Estimation of receivables including trade receivables, securities, loans and advances, etc.

**4.1.8 Estimation of Budgetary Support required for closure:**

- (i) Total Estimated funds required for financing the closure of the Company which would include liabilities at para 4.1.1 to 4.1.5 above, along with time-lines/ phasing of release of funds from the Central Government.
- (ii) CPSE's own resources, including amount to be realised from sale of assets, which may be available for settlement of liabilities during the course of closure shall be taken into account for working out the requirement for budgetary support, with phasing of funds and time lines.

**4.1.9 Immovable assets including buildings:**

- (i) Updating of land records with geo-mapping and details such as title deed, lease hold land, freehold land, conditions of lease, remaining period of lease, current land use, FAR and other rights relating to use of land, whether land compensation (partly/fully) has been paid by the CPSEs/ Central Government at the time of acquisition, amount of compensation paid, status of possession of land, encroachments, if any, etc.
- (ii) Obtaining the concurrence/ agreement of the State Government in respect of utilisation/ settlement of lease hold land of the CPSE intended to be closed for further use for similar or identical activities as per local laws governing land use by other Central Government/ State Government/ Departments or PSEs/ organisations for public purpose/ expansion of economic activities, etc, if options possible.
- (iii) Ascertaining whether immovable assets are to be utilised by holding CPSE, if any or by the administrative Ministry/ Department failing which appointment of Land Management Agency (LMA) and sharing information with it.

**4.2 Disposal of Movable Assets**

- (i) The CPSE shall carry out the processes of disposal of movable assets including plant & machinery in a transparent manner immediately after 'Preparatory Date' under the supervision of Administrative Ministry/ Department.
- (ii) The leasehold assets may be transferred to the lessor at his option.
- (iii) The CPSE in consultation with the administrative ministry/ department, if necessarily required, may dispose of factory building structure along with disposal of movable assets.
- (iv) If there is a need for auction of movable assets including brand name, goodwill, trademarks, etc., Auctioning Agency shall be nominated by the Administrative Ministry/ Department/

CPSE for completing the job within three months from the zero date.

- (v) If the CPSE is not able to dispose of movable assets within the stipulated time-frame, it should be brought to notice of the Administrative Ministry/ Department and NITI Aayog by the CPSE. Thereafter, the Administrative Ministry/ Department shall redress the matter within 15 days and shall take a decision on settlement of the disposal of movable assets.

### **4.3. DISPOSAL OF IMMOVABLE ASSETS: LAND & BUILDING**

Considering that land of the CPSE may be leasehold or freehold or a conditional Land Grant with restricted rights of occupation and use, the CPSE shall carry out the following activities after examining issues mentioned in para 4.1.9 above, under close supervision and guidance of the administrative Ministry/ Department and in consultation with State Government(s)/ lessor, wherever required.


#### **4.3.1. Disposal of Leasehold Land**

- (i) Leasehold land with conditions: Leasehold land with specific condition that it will be given back to the State in case the CPSE ceases to exist or non-utilisation of land for the purpose for which it had been allotted etc. or where there is no provision of sale in the lease agreement, such land may be returned to the State Government on receipt of financial compensation determined as per the terms and conditions of the Lease or Land Grant Agreement within three months from the Zero Date. In such a case, financial compensation, if any, paid by the CPSE/ Central government at the time of acquisition or the higher amount shall be re-paid/ paid by the State government while taking back the land.
- (ii) Other Leasehold land: In case the terms and conditions of the Lease do not contain any restrictive conditions regarding the use/ disposal of such land, and/or do not confer any pre-emptive rights in favour of the State/lessor in the event of closure of the CPSE, the subject land may be treated akin to freehold land and dealt with in the same manner as prescribed for the freehold land, subject to any specific terms and conditions of the Lease.

#### **4.3.2. Disposal of Freehold Land:** Important steps for disposal of free hold land:

- a) Freehold land is generally allotted to the CPSE by the State Government after acquisition or purchased by CPSE directly. There may or may not be conditions of land use attached to such land. In case of freehold land with conditions of land use attached, best possible use of such land may be worked out in the light of the original land-use of the land or the current land-use of the area as per the master plan of the locality, whichever is better.
- b) The following process shall be followed for settlement of the freehold land of the CPSEs:
  - (i) The LMA shall first ascertain from MoH&UA about the requirement of land for Affordable Housing. Such land shall undergo the process of disposal as per the guidelines of MoH&UA in this regard. After identification of land for Affordable Housing, the remaining land shall be disposed of as below.



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- (ii) CPSE/ administrative Ministry/ Department through the LMA shall invite offers for purchase of land from Central/ State Government Departments/ Agencies. Land shall be allotted to the Government entities, subject to the approval of the Cabinet/ CCEA as required.
  - (iii) Land shall be allotted to the Central/ State Government Departments at reserve price in the following order of priority:
    - (a) Central Government Department(s)
    - (b) State Government Department(s)
  - (iv) Then land shall be offered for sale to Central or State PSEs/ Bodies/ Authorities. In case of sale of land to such bodies, a limited bidding process may be adopted in a physical format or on e-platform. This process can be conducted with the help of an Auctioning Agency.
  - (v) In case any of the above government entities is willing to take the entire land (without any division thereof), the same shall be given priority over others. In case, above category of organisations are interested in taking part of the land, it would require preparation of a Development Plan of the area of land, plotting and provision of internal infrastructure works/ facilities, which shall be prepared by LMA and presented to the CPSE/ administrative Ministry/ Department. The administrative Ministry/ Department will consider the land development plan, approve it including the scheme of financing and may entrust LMA or any other suitable agency(ies) to execute it to ensure allotment/ settlement of such divided land parcels as per the priority given in the guidelines.
  - (vi) In case, no offer is received in respect of (i) to (v) above, the disposal of immovable assets is to be done in a transparent process through the auctioning agency to any entity with the approval of competent authority. However, before the last date of submission of bid, if any offer is received from Central Government Departments as mentioned at para 4.3.2 b)(iii) (a) above, the same will be given overriding priority. The process mentioned above at (i) to (vi) will be completed within 8 months of Zero Date. The timelines prescribed may apply separately to each tranche if LMA decides to dispose of land in more than one tranche for maximizing value.
  - (vii) Land would be sold as per the permissible land use and restrictions, if any, FAR and other applicable conditions and subject to the approval of the Cabinet/ CCEA as required.
  - (viii) In case of non-feasibility of monetisation of land assets by way of the above options, land/ property may be utilised for public purposes like public parks, utilities, etc. as may be permissible in consultation with NITI Aayog and approval of the Cabinet/ CCEA, as required within 11 months of Zero Date.
  - (ix) Wherever the Administrative Ministry/ Department faces any difficulty in disposal of land, it shall consult the NITI Aayog and take action as per the advice tendered in this behalf.

## 5. FUNCTIONS OF LAND MANAGEMENT AGENCY

The administrative Ministry/ Department and the Board of the CPSE under closure may entrust the immovable assets as per para 4.1.9 to the nominated Land Management Agency (LMA), which shall:

- (i) Identify, manage, maintain and, if required, engage security agency for the watch and ward of the assets on contract basis for the CPSE against payment. The LMA shall ensure that the land is not encroached, movable assets are not stolen and premises are secured. The LMA may engage a few key employees dealing with assets of the CPSE on contract basis to obtain, manage, maintain and update the records of lands and other immovable assets of the CPSEs on behalf of the CPSE.
- (ii) Collect and validate the information regarding the land, e.g. title deed, lease hold or freehold, conditions of lease, remaining period of lease, whether land compensation was paid by the CPSE/ Central Government at the time of acquisition, status of possession of land, encroachment, if any, and its verification on the ground.
- (iii) Examine the current land use, FAR and the land use as per the local laws applicable in that area to determine the suitability of the land for industrial, manufacturing or some other purposes.
- (iv) Shall ascertain from MoH&UA about requirement of land for Affordable Housing so that such land can be transferred as per the guidelines of MoH&UA in this regard.
- (v) Carry out valuation of land on the basis of applicable circle rates and any other information necessary for use / valuation of land / building including limitations arising out of nature of title, master plan and state government restrictions, if any. Further, the LMA shall try to maximize the land value by parcelling the land into marketable units.
- (vi) Work out the reserve price of the land as per para 2(vi).
- (vii) The Land Management Agency shall compile all such information and publish the same on Land Management Portal website at the earliest, but not later than three months from preparatory date, in the public domain for the information of all parties that may be interested in taking such land.
- (viii) If the LMA comes to the conclusion from the EoIs received that disposal of immovable assets as per priorities set out in the Guidelines would require division of land into parcels and development of such land parcels to facilitate their monetisation, it should bring the matter to the notice of the Administrative Ministry/ Department. The LMA shall prepare and place before the Administrative Ministry/ Department a Land Development Plan along with its scheme of financing for consideration and further approval.

- (ix) The LMA shall submit monthly report updating the status of disposal of immovable property to the administrative Ministry/ Department as per their approvals, with a copy to the NITI Aayog.
- (x) The LMA will be entitled to land management fee which would be 0.5% of the value realized from disposal of land for affordable housing and to Government Departments/ Agencies/ private entities subject to a maximum of Rupees One crore.
- (xi) In cases where the LMA is required to support watch and ward of the asset under disposal and engage employees as mentioned at para 5(i) above, such expenditure shall be reimbursed by the administrative Ministry/Department on the basis of actuals every month. LMA would obtain prior approval of the administrative Ministry/Department before incurring any expenditure which require reimbursement.
- (xii) LMA may be required to engage the State Government/ Public Sector Enterprises on appropriate terms and conditions for discharge of some of its responsibilities.

## **6. FUNCTIONS OF AUCTIONING AGENCY**

The auctioning agency shall dispose the assets of the Company by e-auction through a transparent process. The Auctioning Agency would be paid 1% of amount realized from auction subject to maximum of ₹. 25.00 lakh per auction.

- 7. Proceeds from sale of assets after making payment for all liabilities would be deposited in Consolidated Fund of India.

## **8. APPLICATION TO THE ROC FOR REMOVAL OF THE NAME OF THE COMPANY FROM THE REGISTER OF COMPANIES**

Immediately upon settlement and discharge of all the liabilities, the Board of Directors of the CPSE shall take necessary steps to apply to the Registrar of Companies (RoC) for removal of the name of the Company from the Register of Companies under Section 248 of the Companies Act, 2013. The Board of Directors may also pass a resolution at this stage to transfer all the residual assets of the Company to another entity or the Central Government as considered necessary. This step shall be completed within 2 months from the date of disposal/ transfer of all assets, but not later than 13 months from the Zero Date.

## **9. TIME-LINES**

For ease of use, a matrix of timelines of various steps for closure of the CPSE as per these Guidelines is at Annex.

In respect of those CPSEs where approval for closure has already been obtained, the process of closure shall be fast tracked as per these guidelines.

### Revised Time-lines of activities for closure of CPSEs

Sr. No.	Milestones/ Activities	Time-Lines	Para No. of Guidelines
<b>A. Preparatory date:</b> Preparatory Date (P0) shall be the date on which administrative Ministry takes the decision for closure of the CPSE.			
1.	Estimation of Statutory dues	P <sub>0</sub> + 3 months	4.1.1
	Estimation of dues of employees		4.1.2
	Estimation of liabilities towards Secured Creditors etc.		4.1.3 & 3.2 1(a)
	Estimation of dues payable to Central Government		4.1.4
	Estimation of other liabilities		4.1.5 & 3.2.1 (c)
	Estimation of Movable assets		4.1.6
	Estimation of receivables		4.1.7
	Estimation of Budgetary Support Required		4.1.8
	All preparatory actions in respect of immovable assets, e.g. updating of land records with geo-mapping and other formalities, Obtaining State Governments commitments, Valuation etc.		4.1.9
	Detailed Proposal for closure to be placed before the Cabinet/ CCEA		3.2.2
Placing of information relating to immovable assets/ land on the 'Land Management Portal web site'	5 (vii)		
<b>B. Zero date:</b> Date of issue of minutes of approval for closure of sick/ loss-making CPSE by the Cabinet/ CCEA. This is shown as T <sub>0</sub> .			
2.	General notice to employees and other stakeholders intimating about intended closure	T <sub>0</sub> + 5 days	3.2.2 (b) (ii)
	Intimate/ apply to the Ministry of Labour and Employment in respect of closure		

Sr. No.	Milestones/ Activities	Time-Lines	Para No. of Guidelines
3.	Request for budgetary support from Department of Expenditure.	T <sub>0</sub> + 15 days	3.2.2(a)
4.	Transfer of assets to Holding company/ administrative Ministry/ Department	T <sub>0</sub> + 1 month	3.2.2(c)
5.	Settlement of statutory dues/ liabilities towards revenues, taxes etc.	T <sub>0</sub> + 2 months	3.2.2 (b) (i)
	Negotiation with State Government		3.2.2 (d)
6.	Payment of secured creditors as one time settlement	T <sub>0</sub> + 3 months	3.2.2 (b) (iv)
	Settlement of wages/salaries of employees and statutory dues		3.2.2 (b) (ii)
	Disposal of movable assets		4.2
	Return of leasehold land to State Government with conditions of non-sale		4.3.1(i)
7.	Retrenchment of employees not opting for VRS	T <sub>0</sub> + 4 months	3.2.2(b)(iii)
8.	Identification of land for affordable Housing, Sale/ transfer to Central Government departments, State Government departments, Central Government bodies/ CPSEs and State Government bodies/ PSEs	T <sub>0</sub> + 8 months	4.3.2 b) (i), (ii), (iii), (iv) & (v)
9.	Auction of land to any entity after exhausting option at sl. no. 8		4.3.2 b) (vi)
10.	Utilisation of land for public purposes like public parks, utilities, etc.	T <sub>0</sub> + 11 months	4.3.2 b)(viii)
11.	Application to Registrar of Companies for removal of name of CPSE	T <sub>0</sub> + 13 months	8

**Note:** The above timelines would be suitably modified in individual cases requiring Parliamentary approval.







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Ministry of Heavy Industries and Public Enterprises