

Central Public Sector Enterprises

Q U A R T E R L Y N E W S L E T T E R

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Department of Public Enterprises
Ministry of Heavy Industries and Public Enterprises

From Editor's Desk



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The Newsletter broadly captures the activities of the Department of Public Enterprises, Government of India during the last quarter of 2009. The focus is on the MoU Excellence Award function, also called the CEO's Conference of Central Public Sector Enterprises (CPSEs).

Significance of the MoU System in CPSEs has increased manifold subsequent to the recommendations of the Second Pay Revision Committee. The variable Performance Related Pay for the executives in the case of profit making CPSEs would, henceforth, depend greatly on the MoU rating of CPSEs.

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In this issue

Celebrating the PSU Story	3
Going Public with Excellence	3
DPE launches a book on CPSEs	5
Parliamentary Standing Committee meeting held	5
Parliamentary Consultative Committee meeting held	5
BRPSE and Revival of sick CPSEs	5
Committee on Disputes (COD)	5
Permanent Machinery of Arbitration (PMA)	5
It is home coming for thousands, thanks to CRR	5
TISS plays host to conference on CPSEs Corporate Social Responsibility	6
Compulsory IT training for DPE Staff	6
Scheme of Internship	7
A Truly Wonderful Experience	7
Director of Projects ICPE visits DPE	8
CPSEs in the Media	8

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Celebrating the PSU Story

None other than the architect of the Indian perestroika, the Prime Minister

Prime Minister Manmohan Singh's address at the MoU Excellence & SCOPE Awards function on October 15, 2009 in Vigyan Bhawan, New Delhi was music to the ears of the audience. The PSEs, he said, are "robust and reliable" and "they are here to stay." Amidst glowing compliments to the PSEs, Dr. Singh left nobody in doubt about the vital role of PSEs in "nation-building."



Hon'ble Prime Minister, Minister (HI & PE) & MoS (HI & PE) inaugurating the function by lighting the lamp

Many good things about the Indian economy, he said, could be credited to the PSEs including India's enviable position as the second fastest growing economy in the world and India having weathered the global economic slowdown better than most countries.

The PSEs, according to Dr. Singh, had proved the prophets of doom wrong: "I recall that when we began the process of liberalization in the early 1990s, many experts were of the view that these enterprises would not be able to face local and increased global competition."

"These fears and apprehensions have proved to be unfounded," he added.

The weak units didn't go unnoticed by Dr. Singh as he informed the audience that more than 15 thousand crore rupees had been pumped into the revival of 36 companies over the last five years.

As he asked the PSEs to take forward their inspiring success story, the Prime Minister exhorted them to pay special attention to research and development for increased vitality and living up to competition: "Operate on the frontiers of modern scientific and technological knowledge."

PM highlights the success story of CPSEs:

1990-2008: CPSE turnover rose 9 times and cumulative net profit 35 times

Five of the top 10 listed BSE companies are CPSEs

CPSEs account for 24 percent of the BSE's total market capitalization

Number of Profit-making CPSEs rising, number of loss-making CPSEs decreasing

India is among the few countries to have implemented the Code of Corporate Governance in public sector enterprises

Going Public with Excellence

Every winner creates many winners. This was the story of hope told at the MoU Excellence and SCOPE Excellence Awards function. The awards were given for the years 2006-07 and 2007-08. The awards, instituted by the Department of Public Enterprises, have come to be recognized as performance indicators of PSEs; at the same time, they have set new benchmarks for these PSEs.



Hon'ble Prime Minister addressing the CEO's of CPSEs

Prime Minister Manmohan Singh set the tone for the function by observing that the awards were a "celebration of the achievement of our public

sector." Mr. Vilasrao Deshmukh, Union Minister of Heavy Industries and Public Enterprises (HI & PE), Mr. Arun Yadav Minister of State (HI & PE), Mr. Bhaskar Chatterjee, Secretary, Department of Public Enterprises and Mr. Arup Roy Choudhury, Chairman, Standing Conference of Public Enterprises (SCOPE) also addressed the audience.

Mr Deshmukh stated that CPSEs had performed "exceptionally well even in the post-globalization period." The Minister congratulated them for making themselves "competitive" and for their "global forays."

Mr. Arun Yadav in his address applauded the role of CPSEs in nation building. He stated that they are engaged in diverse sectors of the economy, and fulfill both economic and social objectives.

Mr. Chatterjee in his speech expressed hope and determination about the public sector: "Our public sector has been the foundation of our economy. One of the significant factors in India's rapid recovery against the global ravages (of economic slowdown) is our robust public sector."

Mr. Choudhury remarked that the Prime Minister's presence at the Awards function had vindicated the belief of SCOPE in his unflinching support to the public sector. "All of us in the public sector are enthused by the confidence reposed in us by the government," he said, adding, "our goal would now be to make our presence felt in the global arena."

And the Awards go to...

Four CPSEs received MoU Awards for two consecutive years for 2006-07 and 2007-08. These awardees were Container Corporation of



Hon'ble PM giving MoU Excellence Awards

India (CONCOR), Electronics Corporation of India (ECIL), Power Grid Corporation of India (PGCIL) and Rashtriya Chemicals & Fertilizer Ltd (RCF). The Steel Authority of India (SAIL) received two MoU Excellence Awards in the "mining and metal" sector and also in the category of "Listed CPSEs" for the year 2007-08.

Other MoU awardees for 2007-08 were Hindustan Paper Company Ltd (HPCL), Indian Oil Corporation (IOC), MMTC, PFC and WAPCOS. Award winners for 2006-07 were Bharat Heavy Electricals Ltd (BHEL), Bharat Petroleum Corporation Ltd (BPCL), Hindustan Aeronautics Ltd (HAL), Mineral Exploration Corporation Ltd (MECL), Manganese Ore India Ltd (MOIL), National Building Corporation of India (NBCC), National Backward Classes Finance & Development Corporation (NBCFDC) and State Trading Corporation of India Limited (STC).



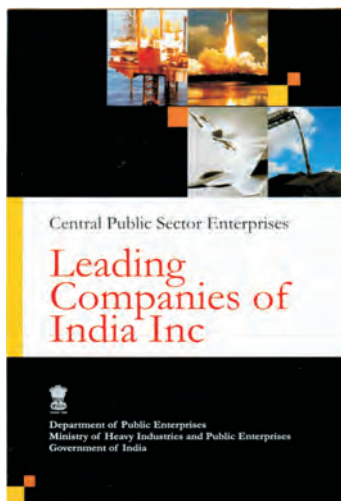
Hon'ble PM giving MoU Excellence Awards

The SCOPE Excellence Awards for the year 2007-08 were given to the Steel Authority of India (Individual Category); Coal India Limited (Institutional Category); Heavy Engineering Corporation (Special Institutional category); Electronic Corporation of India Limited (Medium PSE Category); WAPCOS (Smaller PSE Category) and NSKFDC (Commendation Certificate in Smaller PSE Category).

For the year 2006-07, the SCOPE Excellence Awards were received by the Indian Oil Corporation (Individual Category); Steel Authority of India (Institutional Category); Mazagaon Dock Limited (Special Institutional Category); Bharat Earth Movers Limited and National Building Corporation Limited (Medium PSE Category) and Rajasthan Electronics and Instruments Limited (REIL).

DPE launches a book on CPSEs

DPE launched the book titled "CPSEs Leading Companies of India Inc" in Vigyan Bhawan, New Delhi on October 15, 2009.



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Parliamentary Standing Committee meeting held

The Department related Parliamentary Standing Committee on Industry met in New Delhi on October 12, 2009 under the Chairmanship of Dr. Akhilesh Das Gupta to consider the Demands for Grants for the Ministry of Heavy Industries and Public Enterprises for 2009-10. Dr. Satyanarayan Dash, Secretary, Department of Heavy Industries and Mr. Bhaskar Chatterjee, Secretary, Department of Public Enterprises tendered oral evidence before the Committee.

Parliamentary Consultative Committee meeting held

The first Parliamentary Consultative Committee of the Ministry of Heavy Industries and Public Enterprises met in New Delhi on December 3, 2009 under the Chairmanship of Mr. Vilasrao Deshmukh, Minister for the Ministry of Heavy Industries and Public Enterprises. Sick CPSEs received special attention during the Parliamentary Consultative Committee (December 3, 2009). The meeting discussed various steps to revive and restructure the sick CPSEs.

BRPSE and Revival of sick CPSEs

The Board for Reconstruction of Public Enterprises (BRPSE) set up by the Government in 2004 has so far recommended the revival of 55 CPSEs out of which the government has approved 36 units that have been given financial assistance of over 15,000 crore rupees. Fourteen of these units are on the way to recovery as evident from the profits posted by them during the last two years.

Committee on Disputes (COD)

The meetings of Committee on Disputes (COD) were attended by the Economic Adviser on behalf of Secretary, DPE. The COD is a High Powered Committee in the Cabinet Secretariat to ensure that no litigation involving disputes arising between various Departments / Ministries (and its limbs) and between Public Sector Undertakings (PSUs) themselves comes to courts without the parties having had an opportunity for conciliation before the COD.

Permanent Machinery of Arbitration (PMA)

With a view to expedite settlement of disputes relating to commercial contract(s) between PSUs per se, and also between PSUs and Government Departments, a Permanent Machinery of Arbitration (PMA) has been set up in DPE. The concerned parties are, therefore, required to ensure the inclusion of an Arbitration Clause in favour of PMA in their business contracts. The Arbitrator (PMA) accordingly, deliberated upon a number of cases under dispute between PSUs during the last quarter of 2009.

It is home coming for thousands, thanks to CRR



VRS optees from NTC attending training in Embroidery

The Department of Public Enterprises (DPE) has trained around 1.46 lakh workers who took voluntary retirement and redeployed 65,000 of them, over the period of last nine years. This has been done under DPE's unique out reach programme called Counselling, Retraining and Redeployment (CRR) for those employees who have had to quit either because of closure or restructuring of PSEs.

Short duration training programmes, carried out by a dozen nodal agencies and 43 Employees' Assistance Centres (EACs), enable the employees to adopt new vocations. The Nodal agencies are selected on the basis of merit.

During April-November, 2009, 5400 VRS optees were trained and 1750 (or about a third of them) were redeployed. This involved an expenditure of over five crore rupees for the Government. The total funds allocated under CRR for 8000 VRS optees for 2009-10 is nine crore rupees.

The agencies help impart new skills, develop curriculum material, prepare feasibility reports and enable interface with credit institutions.

Vocations covered under the CRR are as diverse as poultry, dairy and flower making as well as mobile repairing, motor winding, computer application, book binding and food processing.

Counseling helps the employees come to terms after they have left the organization, help them get due compensation and to better manage their funds. For the retrained employees, counseling motivates them to re-join the productive process.

TISS Plays host to Conference on CPSEs Corporate Social Responsibility

The November 2009 Round Table Conference at the Tata Institute of Social Sciences (TISS), on the creation of a hub for the public sector enterprises as part of Corporate Social Responsibility (CSR), could not have been better timed. Ways for providing an institutional framework for this hub, were discussed at a time when the government is set to issue binding guidelines to CPSEs on their social responsibility.

CEOs of 17 Navratnas CPSEs had a unique opportunity of interaction with the Secretary, Department of Public Enterprises (DPE), the TISS faculty and a cross-section of NGOs. The DPE



Rain water harvesting as CSR activity by Bharat Petroleum Corporation Ltd (BPCL)

approached the Mumbai-based TISS for the purpose as it is one of the most reputed institutions of its kind.

TISS will provide free office accommodation for the CSR Hub. The Standing Conference of Public Enterprises (SCOPE) will have a pivotal role in coordinating and intensifying DPE's role in the social sector.

The aims of the hub are to provide research, comprehensive documentation, publish ideas, do advocacy and capacity building and also provide inter-sector experience sharing. At present, there is no single platform or data base to document the CSR activities of CPSEs. Every CPSE has its own activities and the lessons learnt from them remain confined to that unit.

Compulsory IT training for DPE Staff

DPE joined hands with M/s Intelligent Communication System India Limited (ICSIL), a joint venture of TCIL and DSIDC, to provide professional training to DPE personnel on a long term basis.



Secretary, DPE at the inauguration of IT training for DPE Staff

The training programme mainly focuses on IT basics like internet technology, basic Windows application and basic Word 2007 concepts. Suitable incentives would be provided to those who pass the evaluation test at the end of the training programme.



Trainees attending the class

The training programme was formally inaugurated by Mr. Bhaskar Chatterjee, Secretary, DPE on 21st December 2009. The initial training in the latter half of December, 2009, will be followed by a refresher course, and the training programme will be made a continuous process in the Department.

Scheme of Internship

The Scheme of Internship launched in May 2009 by DPE has had an overwhelming response. It is a win win situation for both the department and the students.

The officials in DPE get assistance in their respective jobs, especially during the peak period and the students are able to get an exposure to the functioning of the department.

Each student is also required to work on a project report.

A Truly Wonderful Experience

Mr. Bhaskar Chatterjee visited the largest gas complex at Bassein in November 2009. Bassein, on the Arabian Sea coast, north of Mumbai, once a bustling port and now a large-scale fishing centre, is also host to ONGC's largest gas-producing complex in India. Almost 70 per cent of the ONGC gas is produced here.

The team arrived by helicopter from Mumbai. The dignitaries were welcomed by Mr.



Director - Offshore ONGC explaining the Offshore Operations to Secretary, DPE

S.Satyapal, Surface Area Manager, Mr. P.K.Goyal, Offshore Installation Manager (OIM), and Mr. R.S.P. Srivastava, Maintenance Manager at the Helideck.

After a round of introduction on the helideck, Mr. Bhaskar Chatterjee, Secretary, Department of Public Enterprises, visited the Bassein Processing Alpha (BPA) Complex on November 21, 2009 along with Mr. Sudhir Vasudeva, Director (Offshore), Mr P.K.Borthakur, ED, Asset Manager, Bassein & Satellite (B&S) Asset, Mr. Ram Avtar, Group General Manager (GGM), Sub Surface Manager, B&S Asset, Mr. V.I.Matthew, ED, Head Bassein Living Quarters (BLQ-1), Mr. Vasudeva gave a vivid picture of the Western Offshore activities and assets of this giant complex.



ONGC officials giving an overview of the operations managed by computers

"Bassein is the biggest gas producing complex in India. We feel motivated by the visit of senior government's functionaries like you," said Mr. Sudhir Vasudeva, Director (Offshore). The Secretary, in turn, said, he was "very impressed by the sheer hard work and competency of the ONGCians".

At the BPA complex, Secretary, Department of Public Enterprise was briefed about safety, and was also honoured with a traditional welcome. A presentation was given by Mr. Ram Avtar, on the various Exploration & Production (E&P) aspects. Mr. Chatterjee took keen interest in knowing the finer details of the E&P activities performed by ONGC personnel in extracting oil, gas and value added products.

Mr. Chatterjee later addressed the meeting. The field visit was organized at the BPA Control room, BA well head platform and the attached drilling Rig at BA Platform J T Angel. The rig is drilling BA-10H clamp-on well. Mr. Chatterjee was explained about the drilling intricacies and about the various kinds of rigs and the water depths in which they can drill. Mr. Mondal and Mr. Jhattan gave an informative presentation to Mr. Chatterjee explaining the intricacies of the complex operations.

The visit to the helideck floor was overwhelming. Mr. Chatterjee was impressed by his visit, and wrote in the visitor's book of the BPA complex, "A truly wonderful experience. My kudos to the great team working here."

Bassein, a giant gas-producing complex

12 processing complexes
158 platforms
978 oil wells
104 gas wells
278 water injectors
73 OSVs, PSVs and MSVs
39 drilling and work over rigs
Property value of the assets
here: USD 28 billion

Director of Projects ICPE visits DPE

The Director of Projects, International Centre for Promotion of Enterprises (ICPE) Ljubljana, Slovenia, Mr. Uros Zver visited DPE (Government of India) New Delhi on 24th November, 2009.

ICPE, which conducts a year-long MBA course every year, offers short-term training programmes to the executives of Public Sector Enterprises (PSEs) from all over the world. India is a founding member of ICPE; the current Director General of ICPE is also from India.

A Memorandum of Understanding (MoU) between the ICPE and Council of Scientific and Industrial Research (CSIR), New Delhi was also

discussed during the meeting held in DPE on 24th Nov, 2009 among other things.

CPSEs in the Media

THE TIMES OF INDIA

TNN, Oct 8, 2009

Divestment is back on table

The government has moved its disinvestment to the fore of its agenda with the aim of capitalising on the resurgence in market sentiment. Top government sources said proposals sent for Cabinet approval clear the way for all listed state-run units to raise their public holding to 10% or above through follow-through equity issue as well as permit public sector companies to raise funds from the market.

The proposals also include permission to government-run NTPC to go for a 5% follow-through equity issue.

The proposals are likely to be taken up for discussion at the meeting of the Cabinet Committee on Economic Affairs on Thursday.

hindustantimes

New Delhi, October 12, 2009

Medicine scheme for poor, can also cure sick PSUs

Quality medicines at affordable price- that's the objective of the government's Jan Aushadhi (medicine for masses) programme. Launched in the twilight phase of the UPA's first term, it's still in a fledgling stage, not for any lack of potential, but the absence of a decisive push- expected anytime soon.

Like a double action tablet, it could restore to financial health sick public-owned pharmaceutical companies, besides putting essential drugs within the reach of the poor and the lower middle class. The scheme's inherent appeal is in marketing generic medicines. Such drugs, produced and distributed without patent protection, are usually priced lower than branded products.

THE ECONOMICS TIMES

New Delhi, October 12, 2009

PSUs may be asked to trim expenses in austerity drive

The government is planning fiscal prudence and austerity measure for public sector undertakings (PSU) that include holding back additional funds and a clamp on national and international travel.

Administrative ministries of all PSUs would be directed to implement rationalisation measures in their companies, a senior government official involved in the exercise said. The focus would also be on reducing administrative expenses of these companies by at least 10% on an annual basis.

Business Standard

Delhi, 16 December, 2009

BHEL achieves another landmark

Bharat Heavy Electricals Limited (**BHEL**) achieved a major milestone today with the despatch of the first consignment of supercritical boiler components for the 2x800 MW power project at Krishnapatnam in Nellore District of Andhra Pradesh.

Mr. B.P. Rao, Chairman and Managing Director, **BHEL**, flagged off the consignment in the presence of Mr. A.V. Krishnan, Executive Director, **BHEL** Trichy Complex, and other senior officials, from **BHEL**'s High Pressure Boiler Plant at Trichy.

These are the first 800 MW supercritical boilers being set up by **BHEL** against a Rs.25,000 Million order placed on the company by Andhra Pradesh Power Development Company Limited (APPDCL), a joint venture of APGenco and ILFS for setting up the 2x800 MW Steam Generator (SG) package at Krishnapatnam.