

एन्टरप्राइज

DPE QUARTERLY NEWSLETTER

# enterprise

Volume III Period Ending April, 2011

- PSUs Celebrate 'Their' Day!
- Hon'ble Minister (HI & PE) interacts with representatives of the CPSEs
- Inaugurating the CSR Hub
- From 'Gone' to 'Home'!! - BRPSE Turnaround Awards
- SLPEs Get Success Mantra



लोक उद्यम विभाग  
भारी उद्योग और लोक उद्यम मंत्रालय

Department of Public Enterprises  
Ministry of Heavy Industries and Public Enterprises



## From The Editor's Desk

Welcome back to another action packed edition of the **Enterprise**. As always, we have had an extremely busy quarter and what makes this even more interesting this time is that we have added quite a few firsts to our repertoire.

So we had the first ever day-long open interaction of the Public Sector with the Union Minister HI & PE, Shri Praful Patel - a pioneering event that will go a long way towards consolidating the relationship between the Ministry and the Public Sector as well as improving the understanding of the functional and administrative aspects for both. The interaction has already borne fruits with several amendments and additions under serious debate at the highest levels. The sterling work carried out by the BRPSE and the CEOs and CMDs of the companies they deal with, saw their first formal recognition in the BRPSE Turnaround awards. The very fact that these organizations have managed to pull back from the brink of total failure is reason enough to celebrate, but the leadership, vision, tenacity and effort of the helmsmen warrant special mention both as a reiteration of faith as well as outstanding examples of stewardship. A third initiative that we count as a feather in the cap is the inauguration of the CSR Hub in the precincts of the prestigious TISS in Mumbai. A great deal of emphasis has been laid time and again on the importance of social returns to communities by the companies that operate in the region. Now, in addition to the comprehensive guidelines issued by the DPE, the support and guidance of the Hub will ensure that all such interventions are optimized both in terms of short term results and long term sustainability.

Of course, we have had our share of celebrations with the SCOPE Meritorious Awards being presented by the Honorable President herself, for the second year running, on Public Sector Day. This was a great statement of the importance accorded to the Sector and the installation of the **Public Sector Flag**, with its own unique identity and spirit has added another strand of connectivity throughout the PSUs, strengthening their bond and unified purpose.

We were sad to lose Smt Stuti Kacker, Secretary BRPSE, to her Home Cadre. Her cheerful and inspiring presence will be missed, but we wish her all the best in her new appointment and know she will move from strength to strength.

Continued efforts at consolidating the efforts and synergizing the functioning of both CPSEs and SLPEs saw regional workshops being conducted on best practices of Governance and Administration, while the First Meeting of the Standing Committee of State Secretaries of the DPE at State and Union Territory level was held to discuss the means and methods of establishing commensurate functional standards for both levels of companies. The purpose was to find ways to maximize their impact on the state and national economy while affording them the greatest level of administrative and governance advantage. We hope these interactions will bear fruit in the immediately foreseeable future, making the State Public Sector stronger and much more robust.

As always, we await your remarks, suggestions and inputs so that you may participate in this representation of our combined efforts. Read on....

Bhaskar Chatterjee

# Feb-April 2011



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# PSUs Celebrate 'Their' Day!

In continuation of the glorious tradition started by the Ministry of Heavy Industries and Public Enterprises last year, the Public Sector Day and Award ceremony was celebrated with much pomp and splendour in a glittering function organized by the DPE and the Standing Conference of Public Enterprises (SCOPE) on the 11th of April 2011. In a signal statement of the standing of the PSUs in

country- the 'Public Sector flag', symbolizing the spirit, ideas, entrepreneurship and aspirations of public sector enterprises in India.

**Shri Arup Roy Choudhary, Chairman SCOPE and CMD NTPC** welcomed the Hon'ble President along with the assembled dignitaries and guests. Shri Roychoudhury said that right from its inception, this dynamic sector which Pt. Jawahar Lal Nehru referred to as 'temples of modern India' was an integral part of mixed economy, ensuring service at all levels to the consumer. Shri Roychoudhury also credited the success of a large number of children in various spheres of life, from the tier II and III cities, to a great extent, to activities of PSUs. Despite the dawn of the new economic era in 1991, the PSUs prospered and even survived the worst ever global recession of 2008 & 09. These strides were possible due to very effective norms of checks and balances, transparent administration and answerability to the CAG, CVC and thereby the people of India at large, opined Shri Roychoudhury. Assuring the gathering of the 'fire in the belly' of the PSUs, Shri Rouchoudhury said that they would work to achieve their potential and that of the economy as a collective.

Hon'ble President Smt. Pratibha Devsingh Patil delivering the address.

the eyes of the government, the Hon'ble President Smt Pratibha Devi Singh Patil graced the occasion this year also.

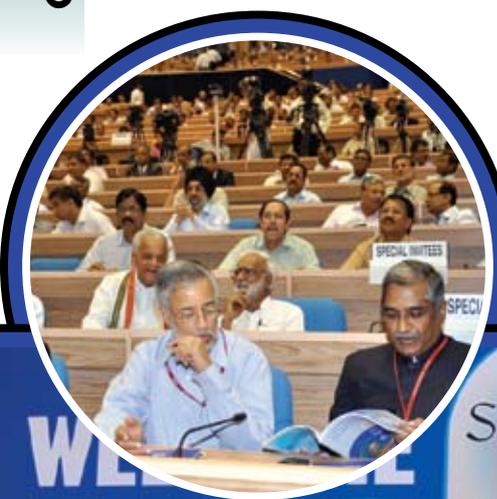
Held at the Vigyan Bhavan, the function brought the spirit of the Public Sector alive. The Public Sector Awards for excellence were also distributed on that day.

The Hon'ble President of India Smt. Pratibha Devi Singh Patil also unveiled the first unified flag that represents the entire public sector of the

*"The Indian Public Sector has moved into the international league, yet profit is not the primary concern-it still includes people and planet-the ordinary citizen and the environment in which they function."*

Arup Roychoudhury  
Chairman SCOPE, CMD NTPC

Celebrations and Events



Hon'ble President Smt. Pratibha Devi Singh Patil (Centre) at the Public Sector Day Celebration. (L to R) are Shri Arup Roy Chodhury, Chairman, SCOPE, Dr. Nitish Sengupta, Chairman, BRPSE, Shri Praful Patel, Minister of HI&PE, Shri A. Sai Prathap, MoS for HI&PE, Shri Bhaskar Chatterjee, IAS, Secretary, DPE



**Shri Bhaskar Chatterjee, Secretary DPE**, elaborated upon the critical role played by the PSUs and said that the purpose of the function was to celebrate with gusto the perseverance, spirit, hard work, synergy, dynamism and drive behind the public enterprises.

Shri Chatterjee said that monopolies of the older regimes have given way to a new economic order and better governance practices which include MoUs, third party evaluations, PRP, transparency, induction of independent directors in the boards and lot of emphasis on R&D, sustainable development and CSR. Declaring that PSUs were ready to take on the new responsibility of ushering the country into a prosperous era and sharing the economic advancements with the people of India Shri Chatterjee repeated the pledge of the PSUs to fulfill their responsibility.



The Hon'ble President of India Smt Pratibha Devi Singh Patil presenting the SCOPE Meritorious Awards 2011

*“PSEs will no longer try and force a market-instead they will respond to demands and change themselves according to the customers’ needs as we move into a new millennium-we shall keep our pledge before People/Profit and Planet!”*

Bhaskar Chatterjee,  
Secretary DPE

**Dr. Nitish Sengupta, Chairman BRPSE**, in his address said that flourishing public enterprises were a tribute to the managers who have been the source of strength

and inspiration and who have made the PSUs a matter of pride for the country. Speaking of the contribution of the BRPSE to the standing and functionality of the Public Sector, Dr Sengupta said that the Board was elated to have been able to recommend 11 PSUs for Turnaround Awards this year and expected to be able to include 12 more for next year. The PSUs have been the backbone of the Indian economy over time, opined Dr Sengupta and calling it the ‘white knight in shining armour’ congratulated the DPE for celebrating this important occasion.

*“There is no such thing as a ‘sick’ enterprise-just enterprises that have to look upon their functioning with objectivity and honesty from the beginning...there would be no need for the BRPSE then, they could all heal themselves!”*

Nitish Sengupta,  
Chairman BRPSE

Address by Secretary, DPE Shri Bhaskar Chatterjee



Recalling the achievements of PSUs in the past 60 years **Shri A. Sai Prathap, MoS (HI & PE)**, extended a warm welcome to the President. He said that the contribution of public sector enterprises has been phenomenal, raising the growth rate of the country’s economy. Assuring the government’s determination to provide conducive environment for the growth of the public sector Shri Sai Prathap said that the PSUs are bound to do much better in future.

Underlining the role of the PSUs, Shri Praful Patel, Hon’ble Minister HI & PE, said that the contribution made by the sector was unparalleled and that PSUs

*“The DPE, the ministry and the industry must work closely for a better future and I assure you, we have taken the first few steps towards achieving these goals of development already.”*

Praful Patel,  
Hon’ble Minister, HI & PE



Shri Praful Patel, Hon’ble Minister HI & PE addressing the gathering

were the backbone of the Indian economy. Speaking of the benefits of economic development in the far flung areas neglected by the private sector that have reached the people due to PSUs, Shri Patel said that the time had come to renewe faith in the sector in order to optimize their contribution to the country’s overall development. He applauded the PSUs for creating enormous job opportunities for the rural people, for undertaking activities of social benefits and at the same time achieving newer heights in their businesses. He quoted the high percentage share of PSUs in the national output of minerals, coal, iron, natural gas and petrol etc.

He was, however, of the opinion that enterprises must be hand-held only upto a certain point of time, and then they must be allowed to function independently in order to be competitive in the global markets. Strict measures of checks and balances were also required to be implemented for optimum results and accountability. He urged the companies to lay greater emphasis on implementing proper succession plans and best global practices in HR and corporate governance. He also laid emphasis on timely appointments of top executives in the large enterprises, declaring this to be of crucial importance.

Talking about partial disinvestment, Shri Patel said that his govt. did not look at it as withdrawal of support but as a means of obtaining public support for that particular enterprise. Despite ownership, the government was still keen to give operational freedom to public sector enterprises, said the Hon’ble Minister.

*“Disinvestment on our part is not a withdrawal of support-it is a statement of confidence in that enterprise, a way to encourage participation of the public in its own companies.”*

Praful Patel, Hon’ble  
Minister, HI & PE



*“The Industry leaders are here-we look forward to their opinions and statements for a better understanding of the current status of the sector.”*

A Sai Prathap,  
MoS,(HI & PE)



Speech by Hon’ble Minister of State for HI&PE Shri A. Sai Prathap

He concluded by congratulating all the PSUs for their award winning performances.

The Hon'ble President then conferred the SCOPE Meritorious Awards to the proud PSEs for their outstanding performance and achievements in various fields.

**SAIL**-Environmental Excellence & Sustainable Development, **BEL** - Excellence in Corporate Governance, **HPCL**- CSR and social responsiveness, **BHEL**- R&D, Technical Developments and Innovations, **IOCL**- Best Practices in HR management, **PNB** -Best Managed Bank/ Financial Institution/ Insurance Company and **SKUFCD**- Best Organization set up under Section 25 of the Companies Act

*“High priority should be accorded to developing human skills in the area of management and innovation”.*

Pratibha Devi Singh Patil,  
Hon'ble President of India

Addressing the gathering, Smt Pratibha Devi Singh Patil, Hon'ble President of India called the celebration an occasion to reflect on how policy makers, as well as those involved, or working or connected with this sector, can prepare for the future and continue to contribute to nation building. Speaking of the concept of the public sector, Smt Patil called it one of the instruments of social change and economic development.

Release of Public Sector Flag



Distribution of Awards by  
Hon'ble President of India



**Commendation Certificates** were awarded to **NMDC** for CSR practices, **CMPDI** for R&D, technical development and innovations and **PFC** for Best managed Bank and Financial Institution

**Four 'Maharatna' enterprises** were honoured: **IOCL**-Largest oil producer in India and a Fortune 500 company, **NTPC** -Share of 29% in the total electricity produced in India, **ONGC** -Largest share in the production of natural gas in India and **SAIL**-Largest share in the production of steel in India honoured by DPE & SCOPE

The President also gave away certificates of conferment of **Maharatna, Navratna and Miniratna status** to **Coal India Limited, Neyveli Lignite Corporation and Pawan Hans Helicopters Limited** respectively.

*“Today, as the economy expands and operates in the new global economic order of rising competition, the test is to be nationally creative, globally competitive and efficient, ensure on-time deliverability and provide employment.”*

Pratibha Devi Singh Patil,  
Hon'ble President of India

She said that she would like the PSEs to come up with a new viable model of engaging with the farming community so that the corporate sector would become contributors to and, in turn, gain from bringing rural prosperity and enhancing agricultural productivity.

Expressing her confidence that CPSEs will continue to do well in the future for which a blueprint for ensuring continued success is necessary,



**Awarding of Certificate of Commendation**

the Hon'ble President said that in this perspective, the formulation and implementation of appropriate policies assume greater significance.

*“The empowerment of profit making CPSEs and restructuring of sick and loss making ones, are important issues which need to be addressed on a priority basis.”*

Pratibha Devi Singh Patil,  
Hon'ble President of India

Smt Patil said that high priority should be accorded to developing human skills in the area of management and innovation. There should be a focus on investing in the next generation of technology, and in creating more capacities, as well as product development and process improvement. Appropriate relationships with other institutions, public and private, local and global, to enhance their own technological competence, could be established.

According to Smt Patil, the twin issues of Corporate Governance and Corporate Social Responsibility entail a philosophy wherein organizations serve the interests of society, by taking responsibility for the impact of their activities on various stakeholders and the environment in all aspects of their operations. She expressed her satisfaction on the fact that the Department of Public Enterprises has taken proactive steps on both by bringing out comprehensive guidelines. According to the Hon'ble President, the next logical step should be the assessment of compliance to the guidelines, so that necessary remedial measures can be taken. Speaking of the growing international profile of the public sector,

*“The empowerment of profit making CPSEs and restructuring of sick and loss making ones, are important issues which need to be addressed on a priority basis.”*

Pratibha Devi Singh Patil,  
Hon'ble President of India

Smt Patil said that Public sector units are helping in the creation and expansion of infrastructure in many countries, reiterating the fact that the Indian economy is moving towards becoming a global power and the PSUs play a crucial role in building the country's global image in the economic and industrial world. Smt Patil called the release of the Public Sector Flag a significant milestone, signifying shared goals and ambitions and a source of inspiration to PSUs.

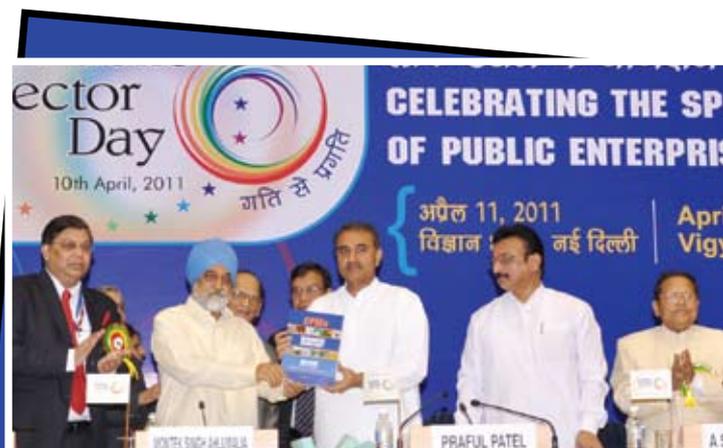
Dr. U. D. Chaubey, DG SCOPE, in his vote of thanks renewed the pledge of the sector to continue working for the larger good of the people of the country in the shape of economic development, social justice and fairness in every respect, transparency in operations and accelerated growth.

## Discussing Reforms, with Dr Montek Singh Ahluwalia

The Public Sector Day Award function was followed by a short, but enlightening interaction between **Dr Montek Singh Ahluwalia, Deputy Chairman, Planning Commission** and the gathered CEOs and

*“If we are to unleash the potential of the Public Sector, then they must have the fairest possible chance of competition in the open market. Are our HR policies commensurate? Can they be modified?”*

Montek Singh Ahluwalia,  
Deputy Chairman, Planning  
Commission



**Release of the Public Sector Directory by Dr Montek Singh Ahluwalia, Deputy Chairman Planning Commission of India**

other representatives on means of achieving higher growth for the economy. Dr Ahluwalia apprised the gathering about the many responsibilities of the Planning Commission and advised them not to depend on the perpetuity of central funds, although a number of steering groups have been set up to debate the pros and cons of the matter. This ensures the participation of the stakeholders and brings all issues to the table for discussion.

*“We need to widen our reach and appeal to the younger generation if we are to bring about lasting changes. This is why we have created a website for public inputs into the XII Plan approach.”*

Montek Singh Ahluwalia,  
Deputy Chairman, Planning  
Commission

all policies for generating internal resources are in place. The Public Sector Enterprises include entities that are very important for the economy, such as the energy sector. These entities need to make further investments in the field of research to compete with often and stay abreast or ahead in the global market. The companies themselves have the greatest incentive to include this in their agenda as essential cost.

*“One needs to be aware of the stark truth to be able to plan.”*

Montek Singh Ahluwalia,  
Deputy Chairman, Planning  
Commission



Assuring the gathering of the strongest support of the government, Dr Ahluwalia said that the need of the hour was a strong public sector with independent and empowered management which can survive in a competitive environment. It is not imperative for it to be the most profitable but it should at least be a key player in the industry. Identifying the quality of manpower as the crucial component, Dr Ahluwalia said that the need was to find an appropriate system of management to be able to leverage the HR capacity of the sector. If conditions comparative to the private sector are given to the public sector then it can be equally successful.

On the subject of resource allocation he said that given the demands on government for resource, it is unlikely that there would be budgetary support available for PSUs during the 12<sup>th</sup> Five year Plan. Therefore, all those who care for the public sector must ensure that

Thanking Dr Ahluwalia, Hon'ble Minister (HI & PE) Shri Praful Patel said that the government would take note of the suggestions made by him at both the policy making and the group level. Expressing the government's interest in working with the Planning Commission, Shri Patel reiterated the commitment of the Ministry and the DPE in ensuring the progress of the public sector especially in view of the fact that many more PSUs are likely to be given Navaratna status.

Shri Devinder Singh of Earnst and Young made a presentation on the present status of PSUs and required reforms in the public sector. The comprehensive overview looked at the issues of the sector and suggested indicative solutions at policy and organizational levels. The interaction concluded on a note of continued exchange of ideas and discussions.

## Hon'ble Minister (HI & PE) interacts at length with representatives of Central Public Sector Enterprises (CPSEs)

In a resounding statement of the Government's commitment and sustained interest in the CPSEs, the Hon'ble Minister of Heavy Industries & Public Enterprises, Shri Praful Patel, held a day-long Ministerial level Interactive Session with a cross-section of Central Public Sector Enterprises (CPSEs) on 9th March, 2011. Jointly organized by the Department of Public Enterprises and the Standing Conference on Public Enterprises (SCOPE)-both institutions of singular importance to CPSEs, at the SCOPE Convention Centre, Lodi Road, New Delhi, this interaction was intended to present a comprehensive overview of the sector. The intention was also to enable the Hon'ble Minister to obtain an understanding of the dynamics of PSU operations from the helmsmen themselves, thus providing an opportunity to simultaneously assess the relative strengths and shortcomings of units from all levels across the sector. In order to facilitate this interaction PSUs from Maharatna, Navaratna and Miniratna I and II levels were invited to make their representations to the Hon'ble Minister.

This interactive session-the first of its kind to be initiated by the Department- was an instant success and it is hoped that it will set an important precedent for both CPSEs and policy makers. All the participating PSUs took ample advantage of the opportunity provided through the forum to deliberate on the key



Praful Patel,  
Hon'ble Minister HI&PE

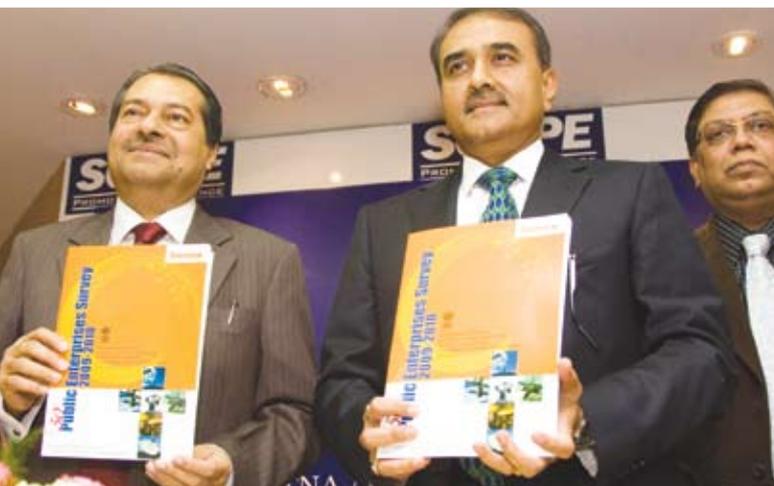
issues in need of attention, primarily those related to the empowerment, autonomy and administrative powers afforded to the companies.

Dr. U D Chaubey, DG SCOPE, made a succinct presentation on the functioning of SCOPE and as the representative apex body of the CPSEs, enumerated the issues that are common across the PSUs, providing an insight into the reforms that are imperative for the sector to prosper and survive. Touching briefly upon the several reforms already introduced by DPE and the Ministry, Dr. Chaubey identified the following areas as the primary issues of concern within the PSUs: Functional Autonomy, Succession Planning, Independent Directors, Vigilance Administration and a Level Playing Field. Subsequent presentations by the CPSEs themselves bore out this aspect of Dr. Chaubey's presentation.

The lucid presentation on NTPC by the CMD (and Chairman SCOPE) Shri Arup Roychoudhury, had a forceful impact on the discussions. Shri Roychoudhury spoke of the unwieldy nature of several Boards due to the large number of members arising from the



Shri Praful Patel interacting with the CEOs and CMDs of the Ratna companies. Also seen are Dr UD Chaubey, Shri Bhaskar Chatterjee, Shri Arup Roychoudhury and Dr Nitish Sengupta



Releasing the PSE Survey Report

smooth functioning of the company; disparity in treatment afforded to CMDs of CPSEs in comparison with that of Private Corporate bodies-suggesting inclusion of these as members of Advisory councils and think tanks, creation of a commensurate oversight mechanism for private enterprises and the disbursement of non-monetary incentives to offset the disparity in salary. Shri Roychoudhury summed up with the suggestion that SCOPE in its role as facilitator and representative, could play a larger role in facilitating information flow to affect the requisite policy level and functional reforms.

Subsequent presentations by SAIL, GAIL, BHEL and RINL among the Maha and Navaratnas and CWC, NLC and EPI among the Miniratnas, outlined their company profiles and reiterated the issues mentioned by both DG and Chairman SCOPE.

The Public Enterprises Survey for the year 2009-10, which presents an overview of the performance of more than 240 CPSEs and is a comprehensive report on the appraisal of the working of CPSEs, was also released by Shri Praful Patel on the occasion..

Summing up at the end of the day, the Hon'ble Minister gave his considered observations on the discussions and issues raised during the day, assuring the participants and representatives of the industry that he would ensure that all the changes within his power to effect immediately would be put in place, such as ensuring the speeding up of the selection process so that company standings may not suffer, review the goal setting parameters for the MOUs to ensure inclusion of commercial targets and ease expansion of operations and grant greater autonomy to enterprises that are holding their own in terms of market share and returns to the exchequer. On the other issues, he gave assurance that the matter would be placed for consideration before the concerned authorities and pledged his personal efforts for resolving those issues at the earliest.

mandatory requirement of 50% of Independent Directors, making governance extremely cumbersome; lack of accountability of Independent directors to both the Board and the parent ministry, suggesting the methodology of an independent performance assessment of such directors to ensure their accountability; daunting number of parliamentary committees and meetings that interfere with the daily operations of the companies and place intolerable demands on the time of the CMDs and other key players; ownership issues which govern how the government treats the PSUs-often losing sight of the crucial commercial aspect that is imperative to the survival strategy of the company-suggesting the inclusion of a PSU cell in the ministry that could report to the Administrative Ministry as well as DPE; selection process of directors and the lack of succession planning-suggesting a simplified selection procedure with greater powers afforded to the PESB and the Boards of the companies, including the creation of a talent pool that could be interchanged as required over companies within their respective fields, thus drawing maximum benefits for both the enterprise as well as the individual; sensitive issue of vigilance and the methodology of complaints and redressal-suggesting a time-bound nature of investigation to facilitate

Animated and energetic discussions in progress





Hon'ble Minister interacting with the media



Lighter moments on the dais

A lively interaction followed with the print and electronic media. Shri Patel deftly fielded the various questions on disinvestment norms, closing down of CPSEs on the recommendation of BIFR and the rationale of the government in undertaking disinvestment. The Hon'ble Minister responded with answers, such as, the legality involved and the interests of creditors etc. and the fact that a number of CPSEs have been also turned around. In the case of profit making enterprises, he elucidated upon the need to generate more funds than the government can set aside for their growth, due to government's commitment to ensure social welfare. Quoting the highly successful IPO initiatives of CIL and MOIL as tangible examples, he argued that partial disinvestment does not affect the ownership of

PSUs. On the question of ethical responsibility of the government in closure of companies, Shri Patel said that while these decisions were extremely tough, they had to be taken by the government in the larger interest of the country.

The vote of thanks was delivered by Dr. Chaubey who expressed his feeling of gratitude to the Hon'ble Minister for his presence and the interest in the growth of PSUs, the initiative taken by the Secretary DPE Shri Bhaskar Chatterjee and the whole hearted participation by the CMDs and other officials of DPE.

Secretary DPE honouring the Hon'ble Minister with a memento



# Inaugurating The CSR Hub: Celebrating Responsibility



Secretary DPE Shri Bhaskar Chatterjee welcoming the Hon'ble Minister HI & PE at the venue

Bhowmik, Professor of Labour Studies and Dean, School of Management and Labour Studies, TISS will be the overall in charge of the Hub.

*'With the CSR Hub collaboration with the DPE, TISS promises to engage with the people and take the fruits of development to all areas of the country.'*

Dr S. Parasuraman,  
Director TISS

**Ms. Stuti Kacker, Former Secretary BRPSE** introduced the subject of CSR with the thought that corporate success was no longer a matter of significance- instead it was economic, social and ecological impact that makes the difference in today's world. Briefly clarifying the CSR guidelines released by the DPE she opined that proper implementation of these would have far reaching consequences in the business world. Exhorting the PSUs to move in the apt time of the present towards CSR activities as most of the public sector enterprises are riding the crest of the success, Ms Kacker earmarked CSR as a magic tool through which PSUs can make development a reality. The need of the hour, she felt, was to identify viable and sustainable projects, link them with the communities and move beyond the idea of CSR as philanthropy or charity. CSR must belong to the long term business strategy of the organization she said.

*'Though it may seem daunting, PSEs have the magic tool of CSR to make development a reality'*

Stuti Kacker,  
Former Secretary BRPSE

Corporate Social Responsibility has taken on dimensions beyond that of a formality that companies engage in. It has become the touchstone of testing the organization's reputation, its commitment to communities it works in and its willingness to share the fruits of collaborative engagement. It has, in fact, become a matter of immediate and considerable importance for both enterprises and their administrators. The truth of this statement was demonstrated amply when the **CSR Hub** was inaugurated by the Hon'ble Minister HI & PE, Shri Praful Patel, at the Tata Institute of Social Sciences, Mumbai on the 21<sup>st</sup> of March 2011. Secretary DPE, Shri Bhaskar Chatterjee and other dignitaries including those from PSUs graced the occasion.

Expressing his pleasure that TISS, was chosen to host the Hub-especially in view of the fact that this is the platinum jubilee year of the Institution, **Dr. S. Parasuraman, Director**, presented a brief account of the TISS journey into supporting CSR, beginning with SAIL in the year 1986 and now extended to the support of a large number of private sector organizations both at the national and international levels. With this collaboration Dr Parasuraman envisaged a larger role for the TISS in carrying the fruit of development to the people at large. Dr Parasuram also spoke of the large area earmarked for the Hub and the finesse with which it was being built to facilitate optimal use and the fact that TISS has entered into MoUs with public enterprises in order to ensure sustainability of the CSR initiatives through partnerships. Dr. Sharit K.

## Lighting the lamp to inaugurate the CSR Hub





Smt Stuti Kacker introducing the CSR concept and guidelines



Guests and audience

**Shri Bhaskar Chatterjee, Secretary DPE** marked the occasion as one of great pride for the DPE, PSUs and the people of the country. Through CSR activities, the PSUs can focus on the under-privileged, discriminated against and disadvantaged groups of people and bring them into the mainstream of development. He said that CSR is one very effective way of bringing societies and communities to participation and thus carries forward the economic development of the country.

Shri Chatterjee described TISS as the ideal institution to guide the public sector through CSR and thanked the members for turning the Hub into a reality, opining that the DPE guidelines had now entered a huge platform from where activities could be launched in a focused manner across the sectors and across the country.

*'The question before us is not of what is our bottom line, but rather how can we bring society and community to work in and participate with us in projects so that we may carry them forward in economic development'*

Bhaskar Chatterjee,  
Secretary DPE

Hon'ble Minister (HI & PE), Secretary DPE and Director TISS at the declaration of the opening of the Hub



Congratulating both DPE and TISS as well as all the contributors to the Hub, the **Hon'ble Minister (HI & PE) Shri Praful Patel** urged everyone in the PSUs to understand the needs of our huge and complex country and address the issues in a professional and sustainable manner. PSUs have touched populations in the remotest parts of the country and leveraged the advantage of their diverse capacities and economic ability in the overall economic growth of the country. The government by itself is not equipped to provide for all the needs of the population and this is where the Hon'ble Minister felt that the CSR component of the PSUs takes on immense importance. Shri Patel urged the PSUs to look upon this activity with passion and objectives focused on results and thus contribute meaningfully to the up-liftment of the poor and marginalized population through cooperation and coordination between PSUs and active NGOs or community based organizations.

*'The Public Sector has enormous responsibilities-while they are leaping into a new global era, their commitment to the objectives of the nation must remain unshaken'*

Praful Patel,  
Hon'ble Minister HI&PE

Shri Bhaskar Chatterjee greeting the presenters with a token of appreciation



**Dr. Vijay Sarathi, Director HR, HPCLL**, thanked Shri Chatterjee for the innovative idea of the Hub, an immense facilitation for the PSUs, Dr S Parthasarathy and the staff of TISS for their support in the creation of the Hub and the DPE for giving the opportunity to HPCLL to host the inauguration.

**Hon'ble Minister** had a lively interactive session with the media and answered all questions with patience and thought. On the issue of the mission of the CSR Hub and its purpose, he said that the Hub is a unique center that will function with the PSUs and will provide guidance and standards of excellence in the sphere of CSR. It has been set up with an aim to make life easier for a large number of people so that they too may reap the benefits of economic development of the country. The Hub is a tool for sharing the economic success of the public sector with the people of this country and thus a center for socio-economic development. Shri Patel further said the Corporate Sector cannot avoid its responsibility of improving the lives of people as it had benefitted from the overall development process. On the subject of the activities to be undertaken by the Hub Shri Patel said that the National CSR Hub will undertake activities like nationwide compilation of data, creation of data base, advocacy, research, promotional activities etc.



Hon'ble Minister HI & PE, Secretary DPE and other dignitaries during the media interaction



Shri Bhaskar Chatterjee interacting with the audience

Technical session in progress-ITC Presentation



*This initiative needs to go beyond the broad areas to the smaller issues in further-difficult to access places and make a difference in the lives of the communities there.'*

Praful Patel,  
Hon'ble Minister HI&PE

Shri Praful Patel and Shri Bhaskar Chatterjee engaged in discussion



Shri Patel said that CSR Hub will give the Central PSUs a system for implementing CSR programmes. Besides which the Department of Public Enterprises (DPE) would identify other programs for the benefit of society which would be implemented by a number of CPSE's working together. He said the National Hub at TISS will monitor these projects, which would be implemented in remote areas. The CSR activities to be undertaken by the PSUs under this Hub will be a hundred percent economically and numerically measurable activities; they will be proper projects with time lines and results will be measured by independent agencies. The CSR audit mechanism has to be evolved over a period of time. At present, the finances have to be audited by the organization itself and a third party has to audit the entire project in terms of its results.

Shri Patel also opined that the purpose of mandating companies, both private and Government-owned was to deliver the benefits of overall economic progress which the country has made, to the less fortunate and less developed members of society. The lower cap for CSR in larger companies was merely because the numbers become larger in terms of percentage, he explained.

*“The ministry will not be reactive but pro-active. It will monitor the CSR spending by PSEs as per the department guidelines and pull up the PSEs concerned for their failure. They may lose their present status.”*

Praful Patel,  
Hon'ble Minister HI&PE

Shri Patel welcomed the suggestion for the allocation of CSR credits in line with carbon credits but said that it could only be implemented over time.

On the issue of disinvestment Shri Patel said that the government has very clearly decided to lower stakes in the PSUs and keep just the bare essential of 51% stakes. Rather than looking upon it as privatization of public assets, one should see it as partnering with the public. Most companies where disinvestment is in process are very successful and 'ratna' companies and lowering the stakes means more autonomy to the companies. Disinvestment is also in process for companies that have been in loss for a long time; it is good time to decide and act so that they may turn around and start earning profits.

*“CSR is a subject of knowledge-let us infect all the minds with this virus-CCI, FICCI, UN bodies....Let us follow the concept of the Hub and the spokes!”*

Bhaskar Chatterjee,  
Secretary DPE

The afternoon session saw several presentations made by various agencies and companies who have had exemplary participation in CSR activities, including ONGC, Tata Steel, UNICEF, GAIL, ITC, HPCL and SCI. There were several instances of remarkable work and shining examples to emulate. As Dr Parasuraman said in his summing up address, it is not necessary to have a country with enormous inequities-we can change the balance and that is what the Public Sector is attempting to do through these CSR interventions.

*“It is not necessary to have a country with enormous inequities-it is within our power to change that through ground level initiatives-this is what CSR is about in the Public Sector.”*

Dr S Parasuraman  
Director TISS

# From 'Gone' to 'Home'!! - BRPSE Turnaround Awards

In a resounding celebration of human endeavor and resilience, the BRPSE Turnaround Awards recognized the continued progress of 11 CPSEs for the year 2010 on the 10th of March 2011, in a beautifully aesthetic ceremony at the Tagore Hall, SCOPE Complex, New Delhi. These 11 CPSEs, BBJ Construction Company Ltd., Bharat Pumps and Compressors Ltd., Braithwaite & Company Ltd., Bridge & Roof Co. (India) Ltd., Cement Corporation of India Ltd., Central Electronics Ltd., Heavy Engineering Corporation Ltd., Hindustan Insecticides Ltd., MECON Ltd., Mineral Exploration Corporation Ltd. and State Farms Corporation of India Ltd., which had almost sunk into heavy financial losses, have shown an amazing turnaround story by posting profits for three consecutive years to fiscal 2008-09. As mentioned in his welcome address by Under Secretary

Enterprises, Smt Kacker emphasized that the strategy has always been of Empowerment and enablement, which led to the recommendation for revival of 59 PSEs. Of the 40 approved by the Government, 20 CPSEs have been posting profits, while the awardees have posted three consecutive years of profit. 'From the inert to the conscious', these companies embody the emblem of the commemorative publication 'Metamorphosis'-the butterfly. The book is intended to celebrate stories of 'grit, courage and ambition with liberal overtones of a never-say-die spirit' of the turnaround CPSEs. The quaint symbolism of the award itself-a tree-stood for growth, and served as a reminder of continuity. Smt Kacker spoke of the time lapse in the implementation of recommended revival packages as a major impediment to the survival of the ailing companies and recommended that this time lag be addressed at the policy level.

*"This is a celebration of rebirth-of effort and perseverance!"*

Stuti Kacker,  
Secretary BRPSE



Dr Nitish Sengupta, Chairman BRPSE being greeted with a bouquet

Smt Stuti Kacker, Secretary BRPSE, making a presentation at the Award Ceremony



Shri PJ Michael, a thousand mile journey begins with the first step, and that initiative amongst the companies is what was being lauded at the ceremony.

Smt Stuti Kacker, Secretary BRPSE, called it the celebration of spectacular success in the face of predictions of doom and defined the theme of the awards as that of 'Metamorphosis'-from a pupa with potential to the many hued butterfly-as the awarded CPSEs turned out to be. Giving a brief introduction to the journey of the Board for Reconstruction of Public Sector



Dr UD Chaubey, DG SCOPE in conversation in the audience



Presentation of awards by Dr Nitish Sengupta

Shri Arup Roychoudhury, Chairman SCOPE and CMD NTPC, recognized the leadership of Dr Nitish Sengupta-Chairman BRPSE, Shri Chewang Phunsog-Chairman PESB and Shri Bhaskar Chatterjee-Secretary DPE in the turnaround story. He pointed out the issue of remuneration to CMDs of sick companies and suggested a package designed to motivate and inspire them to greater heights of enterprise and leadership. He also reiterated the need to implement revival packages within a fixed time period as the financial environment changes over time and makes delayed input ineffective.

*“The first three years are crucial- we need to take advantage of the enthusiasm of the new management at that time... also seek opportunities for synergies between sick and profit making companies”*

Arup Roychoudhury,  
Chairman SCOPE & CMD  
NTPC

Secretary DPE, Shri Bhaskar Chatterjee, hailed it as a unique function that was long overdue and saluted the winners who deserved the reward and recognition for their contribution to society and national worth. He said the ailing and loss making enterprises need no longer go the distance alone-they could reach out and seek sustenance and assistance on the path to revival, especially since the BRPSE existed as the perfect support mechanism. Lauding the work of Smt Kacker and Dr Sengupta, Shri Chatterjee said they had put in their might and main to make these success stories possible, never giving up by any of the companies, thereby bolstering their courage and enthusiasm.

*“The pain of failing enterprise is known only to those who have bent over and revived their companies with blood, sweat and tears!!!”*

Bhaskar Chatterjee,  
Secretary DPE

### Proud awardees with their symbolic award trophies



Shri Arvind Pande, Member, BRPSE, spoke of the interesting and productive nature of his tenure at the BRPSE, and the different nature of problems of different companies, leading to the need for different solutions. Speaking of the lack of synergy in the policies even within the same sector such as the construction sector for instance, Shri Pande said that bringing them under a single ministry would help them take advantage of the booming construction business and put an end to failures.

*“Loss making companies just need to find a solution that suits them—a grant from the government like HEC, sale of land like the Textile industry, Mergers with larger companies such as demonstrated by BHEL’s interventions...anything that works!”*

Arvind Pande,  
Member, BRPSE

Chairman PESB, Shri Chewang Phunsog spoke of the uphill task faced by the Public Enterprises Selection Board in appointing CMDs and Directors for ailing enterprises—many barren ads lead to the lowering of eligibility criteria which in turn leads to the appointment of inappropriate candidates, turning the entire process into a self-defeating exercise! The BRPSE strategy works, said Shri Phunsog, and the focus should now be on greater emphasis on capacity building and rejuvenation of the staff, getting to the root cause of failure and not just cleaning up the balance sheet with the revival package and the imposition of strict timelines for implementation which should be indicated at each review meeting.



Conversations on the dais and among the audience—animation, concentration and contentment



Speaking highly of the leadership of Dr Sengupta, the sagacity of the three members and the power punch of Smt Kacker and her team, Shri Phunsog said he was honored to be a permanent invitee on the BRPSE and that he has thoroughly enjoyed the experience so far.

*“Competence and leadership has made the CEOs of these companies heroes today!”*

C. Phunsog  
Chairman PESB

### Moments of pride and glory



*“Path breakers, Torch bearers,  
Models....we have with us all of these in  
the awardees of today”*

P. J. Michael  
Under Secretary

Calling it an occasion for reflection and rejoicing rather than engaging in speeches, BRPSE Chairman Dr Nitish Sengupta jestingly referred to himself as the ‘Doctor of ailing enterprises’. He said that no enterprise can theoretically fall sick if it holds true its commitment to the balance sheet and the P&L statement, as these were the first indicators of trouble. CEOs and Boards must

*“The CMD has the vision, he creates  
the mission, he also needs to lead the  
execution and implementation”.*

Dr Nitish Sengupta,  
Chairman, BRPSE

be ready to change product mix, change technology or change mindsets if necessary. Deregulation of industry and technology has changed the face of the country and the PSEs have to be able to face the challenge, he said. Dr Sengupta said the reason for the success of the revival packages is that not only does the BRPSE recommend but it also follows up with the companies, guiding and hand-holding wherever necessary.

Summing up the day’s activities, Dr UD Chaubey, DG SCOPE said that causes of failure need to be identified and addressed so that no company may land up at the doors of the BRPSE in the future. Companies must either innovate or change and for that it is imperative that all large organizations in different sectors to engage in the act of Research and Development.

The awards were handed out by Dr Sengupta amid much appreciation and bonhomie among the gathering.

## State Level Public Enterprises (SLPEs) Get Success Mantra for profitability and long term societal benefits

In continuation of its initiative of sharing the experience of the CPSEs with the state counterparts, DPE conducted a two day regional workshop on the need for strengthening core values of corporate governance, robust MIS, corporate social responsibility and fundamentals of the memoranda of understanding (MoU) among SLPEs of the Western Region.

Shri Bhaskar Chatterjee, Secretary, Department of Public Enterprises, in his inaugural address said that all the SLPEs should embrace the emerging global markets in order to evolve and to provide benefit to the people of India at large. Terming the SLPEs as ‘real progress engines of the country’, he stressed the need of strengthening the core of SLPEs through determined implementation of practices of ‘corporate governance, MIS, CSR and MoUs’. He urged the top executives and driving forces of all the SLPEs of participating states of Rajasthan, Gujarat, Maharashtra, Goa and union territories of Diu, Daman and Dadra & Nagar Haveli to participate with full zeal in this endeavor.

*“We must take this opportunity of  
emerging global markets and liberal  
trade to stride forward and come out of  
old shackles of protected, bureaucratic  
and govt. oriented policies.”*

Bhaskar Chatterjee,  
Secretary DPE

Shri Bhaskar Chatterjee, Secretary DPE and Dr Nitish Sengupta, Chairman BRPSE engaged in conversation



The need to run the SLPEs in tune with the central PSUs and to corporatize all SLPEs was echoed by all the speakers including the chief guest Dr. Nitish Sen Gupta, Chairperson BRPSE, Dr. Sharat Kumar, Economic Advisor, Shri A.K. Sinha, Joint Secretary, Shri J. R. Panigrahi, Shri Rakesh Bharatiya and Shri A.K. Gautam -Directors of the DPE, Shri N.K. Nagendra of Rajasthan Drugs & Pharmaceuticals Ltd., Shri Shri R. Hariharan, senior technical director of the NIC, Shri A.K. Jain of REIL, Shri S.K. Das of FAGMIL, Shri S. Mohan of BPCL, Shri A.K. Chopra of Hepkins Chemicals and others. The need for better coordination between CPSEs and SLPEs and a free and fair environment for optimum operation of the enterprises was an issue that all agreed upon.



Presentation in progress

Adopting of the DPE guidelines on Corporate Governance in order to achieve the greatest degree of operational effectiveness was the focus of the presentation on the subject, Emphasizing the need to evolve and redefine businesses in order to emerge successful in the present era of open global markets, the presenters urged the linking of remuneration of all top level executives in SLPEs to the performance of the individuals and the organization as a whole just like the CPSEs, while the quality of Independent Directors, their answerability to the organization, the subject of succession planning and motivation and retention of talent were other points of focus.

SLPEs were also urged to undertake systematic CSR activities on sustainable basis. The recently inaugurated CSR Hub at TISS Mumbai was spoken of in terms of the facilitation it would provide and the empanelment procedures that companies needed to engage in so as to be able to make their CSR initiatives sustainable were discussed at length.



Dr Sharat Kumar making his presentation

Secretary DPE Shri Bhaskar Chatterjee with dignitaries at the venue





In view of the release of the SLPE Survey very soon, the need for proper implementation and use of the MIS system was felt to be imperative and all state coordinators were instructed on the methodology to be followed to ensure that data is received from all quarters within the specified period of time.

The Workshop was organized by the DPE in association with Neyveli Lignite Corporation, Rajasthan Electronics & Instruments Ltd., Rajasthan Drugs & Pharmaceuticals Ltd., Hindustan Salts Ltd. and FCI Arawali Gypsum & Minerals (India) Ltd.

## First meeting of the Standing Committee of Secretaries of Bureau of Public Enterprises In States & UTs on SLPEs

In a continued demonstration of the Department's commitment towards collaborative effort, the first ever meeting of the Standing Committee of Secretaries of the Bureau of Public Enterprises in States and UTs, constituted under the Chairmanship of Secretary DPE Shri Bhaskar Chatterjee, was held over two days in Delhi at the Bhaba Hall in the SCOPE Complex on 27 and 28th April 2011.

Dr. Sharat Kumar, Economic Advisor DPE, welcomed all the state representatives and underlined the importance of the public sector enterprises in the country's economy. Stressing upon the fact that PSEs need to reinvent themselves so as to be able to attract investment from both national and international sources, or raise funds in the market based on their own performance, rather than being dependent on a government kitty, Dr Kumar said that SLPEs too have a responsibility of sharing the benefits of the economic development with the people at large and must undertake programmes to upgrade themselves to reach greater heights of achievements. Good management and pricing strategies could lead to success but equally important is physical infrastructure and this, coupled with the former, could lay the ground for attracting private sector investment, said Dr Kumar.

Shri. Baskar Chatterjee, Secretary DPE, gave a brief account of the DPE and traced its history from the Bureau of Public Enterprises to the Department of Public Enterprises. Speaking of the purpose of the

meeting, Shri Chatterjee said that it was primarily to acquaint the State Level Secretaries about the experiences of the CPSEs and their functioning and to share experiences and best practices. With the shift in ideology in the administration and functioning of public sector enterprises as demonstrated in the recently acquired commitment to maintaining healthy bottom lines, planning and management and economic orientation in the market, the need was for visible commonalities among all PSUs, felt Shri Chatterjee.

Explaining the role of the Annual Survey document of CPSEs placed in Parliament each year, he said that this was the single greatest means for mutual understanding between the Department, Parliament and the government and urged the SLPEs to fill in their data in the MIS system that has been developed for the purpose. Shri Chatterjee also discussed the MoU process at length and termed it as one of the most important tools of corporate governance and true business development. He went on

**Secretary DPE Shri Bhaskar Chatterjee, JS Shri AK Sinha and Advisor Dr Sharat Kumar, during the the workshop**





Participants following the proceedings

to say that the MoU provided for a better understanding and transparency of the functioning of the enterprises lending them to a greater autonomy than any other means. He said that MoU was a tool that imparts power to the business leaders and gives them the desired freedom from political interference. Shri Chatterjee argued that SLPEs could grow to same heights as CPSEs and that this strong business base of Public Sector Enterprises would usher India into an era of balanced economic development in the country.

Shri Arun Kumar Sinha, JS DPE, discussed the aspects of Corporate Governance especially the professionalism of the Board, terming it as one of the key factors affecting performance. Speaking of awards and honours to enterprises, Shri Sinha elaborated upon the conferring of 'Ratna', 'Mini-ratna' and 'Maha-ratna' status which aids the process of delinking the enterprises from governmental influence and bringing them into the ambit of business organizations in the true sense.

On the first day Shri S. Mohan from the Finance Commission, Ministry of Finance shared with the gathering some of the important aspects of the 13th Finance Commission Report which, inter alia, lays emphasis on fiscal reforms in the states. This includes revitalising of the State Level Public Enterprises (SLPEs) through various reform measures.

Shri Hariharan of the NIC explained the MIS set up for the purpose of survey on SLPEs and urged all the participants to fill-in the required data and also asked the state coordinators to verify the data by the 16th of May, 2011 so that the Second State Level Survey (2007-08) could be brought out on time. They also urged the state representatives to send in one-page write-ups on stories of success in SLPEs.

Some common issues raised by the state representatives included the fact that the MIS system was still new and therefore a number of companies had been unable to

fill in their data and asked for extension of the date by the DPE. Several said that their state owned enterprises were already doing exemplary work and only needed central recognition in order to achieve their complete potential. According to the representatives, several states such as Assam, Bihar, Karnataka, Orissa and Andhra Pradesh reported a number of reforms already under way in their states such as new audit systems, uniqueness in units concept, HR development schemes, awarding of 'ratna' like status and such other initiatives. Several states expressed willingness to adopt the MoU system and asked to observe the process for clarification.

Some common concerns included the issue about lack of appointment of CEOs and CMDs, leading to poor performance within the sector, the lack of accountability of independent directors leading to poor performance, very short tenure of appointees causing lack of commitment and efficiency of operation, low employee morale, the unwillingness of enterprises to be termed SLPEs-especially corporations and Boards, lack of political will and in some cases-undue political influence.

The representatives from all the states discussed various issues involved in the definition of SLPEs and their mandatory financial obligations. They also discussed how to bring all state enterprises under the net of SLPEs and make these accountable financially and economically.

After a good round of discussion on the definition and purpose, all the representatives approved the definition given by the DPE and Dr. Sharat Kumar with slight modifications.



Dr. Sharat Kumar, Economic Adviser, DPE



Shri Bhaskar Chatterjee Secretary DPE at the workshop



## Farewell to Smt Stuti Kacker Secretary BRPSE

A warmly intimate gathering was arranged by the DPE to bid farewell to Smt Stuti Kacker who moved from her position as Secretary to the Board for Reconstruction of Public Sector Enterprises with effect from the 12th of March 2011. The farewell was attended by members of the Department and a number of guests from the Public Sector fraternity.

A measure of the popularity of Ms Kacker was the fact that despite a tiring day at the BRPSE Award Ceremony, Secretary DPE-Shri Bhaskar Chatterjee, Chairman BRPSE Dr Nitish Sengupta, Chairman

SCOPE and NTPC Shri Arup Roychoudhury all made it a point to be present for the function. A number of emotion charged and heartfelt farewell messages were delivered by those present, each one vying with the other in content and intensity, yet another demonstration of the warmth and esteem that Smt Kacker is held in by her colleagues, coworkers, seniors and members of her own team.

The evening had a feel of bonhomie and good will, the Secretary DPE afforded Smt Kacker a glowing tribute as friend and colleague, Dr Sengupta spoke of her will to work and sensitivity, JS Shri AK Sinha spoke of the ease of working with her as a colleague and all others spoke of their personal and professional experience in association with Smt Kacker.

Smt Kacker responded in kind and thanked the DPE, BRPSE and all concerned departments and sections for the support extended to her during her tenure and said that she would cherish the experience and the rich memories afforded by these.

## Retirement of V.S.Yadav



Shri V.S.Yadav, Section Officer completed 39 years of long service on 31.03.2011. In his long tenure in this office, he worked with utmost sincerity and dedication. He was given a resounding farewell, attended by some of his family members as well, on his retirement by the Department as he moved into a new phase of life, replete with new opportunity. Secretary, DPE, Shri Bhaskar Chatterjee presented pension cheques and memento to Shri V.S.Yadav. Several touching messages were spoken with warmth and respect by those present which brought a successful career to a fine closure.

### Result Framework Document (RFD)

As a part of “Performance Monitoring and Evaluation system for Govt Departments” - approved by Hon’ble Prime Minister in 2009, each department is required to prepare a Result-Framework Document (RFD). This document has two main purposes: (a) *Move the focus of the department from process-orientation to result-orientation*, and (b) *Provide an objective and fair basis of evaluation of the department’s overall annual performance*. A record of understanding between a Minister representing the people’s mandate and the Secretary of a Department responsible for implementing this mandate, this document contains not only the agreed objectives, policies, programs and projects but also success indicators and targets to measure progress in implementing them.

The key objectives of the Department as elucidated in the RFD are as follows:

*Enhancing Corporate Governance in CPSEs and finalization of scheme for assessment for Gradation, undertaking base-line survey on professionalization in CPSE’s, Evaluating the performance of CPSE’s for the year 2010-11 against MoU targets, Finalization of MoU targets for the year 2012-13, Ensuring adequate coverage of VRS optees, Implementation of CSR Policies and Laying of PE Survey for 2010-11 during Budget Session of 2012.*

The Strategy, Citizen’s/Client Charter and Grievance Redress Mechanism of the DPE were submitted to the Performance Management Division, Cabinet Secretariat and entered in the RFMS system of Performance Management of the Cabinet Secretariat. The Citizen’s/Client Charter has also been uploaded in the official web-site of DPE.

### International Center for Promotion of Enterprises (ICPE)

Dr. Stefan Bogdan Salej, Director General, International Center for Promotion of Enterprises (ICPE) met Secretary DPE, Shri Bhaskar Chatterjee, to discuss the status of implementation of the Joint Action Plan for the current year, as agreed in the MOU signed between the two institutions in July 2010.

### Memorandum of Understanding (MoU)

Two new groups were added to the Syndicate groups of PSUs for 2011-12 (i) Section 25 Companies and (ii) Sick and loss making CPSEs. A briefing meeting of the Full Task Force was held for Conveners and Members of Task Force to familiarize them with the MoU negotiation exercise with the CPSEs/administrative Ministries at the onset of the process, while a subsequent wrap up meeting held at the end of the activity to receive suggestions/feedback about the procedure and measures to improve the system.

In the course of the period, negotiation meetings in respect of 200 CPSEs were held and signed MOUs received from 191 of these enterprises. Meetings were also held to frame draft Guidelines for (i) Research & Development and (ii) Sustainable Development, both of which are mandatory parameters of the MoU.

### Appointment of non-official Directors on the boards of CPSEs

On the boards of CPSEs. The proposal for appointment of non-official Directors on the Board of Hindustan Organic Chemicals Limited and Rail Vikas Nigam Limited was considered in consultation with PESB and names of two persons and one person respectively were recommended in this regard.

List of Names: India Trade Promotion Organization, India Tourism Development Corporation Limited, Housing & Urban Development Corporation Limited, Hindustan Shipyard Limited, Bharat Coking Coal Limited, Railtel Corporation of India Limited, Eastern Coalfields Limited, National Small Industries Corporation Limited, Mineral Exploration of India Limited, Rail Vikas Nigam Limited, Hindustan Organic Chemicals Limited, National Aluminium Company Limited, NTPC Limited, Goa Shipyard Limited, Dredging Corporation of India Limited, Cochin Shipyard Limited, Ed.CIL (India) Limited, Rashtriya Chemicals & Fertilizers Limited, Oil & Natural Gas Corporation Limited

# Board for Reconstruction of Public Sector Enterprises (BRPSE)

During January-March, 2011 BRPSE reviewed the implementation of decisions/revival package approved by government in respect of NEPA Ltd., Richardson & Cruddas Ltd., Tyre Corporation India Ltd., Konkan Railway Corporation Ltd., National Project Construction Corporation Ltd., Tungabhadra Steel Products Ltd. & the status of recommendations of BRPSE in case of Biecco Lawrie Ltd.

## Training of DPE staff in IT related areas

14 officials of Department of Public Enterprises underwent training in IT related areas especially MS-WORD at M/s. NIPSTec Limited.



## Public Enterprises Survey (2009-10)

The Public Enterprises Survey (2009-10), the 50th report on the overall performance of CPSEs was laid in both the Houses of Parliament on 24.02.2011. A comprehensive document on the financial status of the CPSEs, the report comprises of two volumes of data and an overview document.

## Meeting of the Consultative Committee, Ministry of HI & PE

The Consultative Committee of the Ministry of Heavy Industries and Public Enterprises met on the 10<sup>th</sup> of March 2011 to deliberate upon "General discussions on the working of the Ministry". The meeting began with a detailed presentation on the functioning of the Department of Public Enterprises by Shri Bhaskar Chatterjee, Secretary DPE, who elaborated upon the vision and mission of the Department as well as the functioning of the various divisions. A further presentation was made by Ministry of Heavy Industries following which the Hon'ble Minister of (HI & PE) invited comments and exposition on issues by members.

Raising the issue of modern technological development in the mining and agricultural dependant sectors, Shri RC Singh, Member of Parliament, wanted to know the steps taken for revival of MAMC. He also suggested revival of M/S HCL which has good infrastructure and also suggested raising the age of retirement from present 58 years to 60 years. Shri Singh expressed the need for focus on the development of heavy industry so that these issues could be addressed at the earliest. Urging a more employee oriented approach, Shri Singh also suggested that casual labor should be trained and absorbed within the units wherever possible. Speaking of CSR, the Hon'ble member opined that especially in

the mining sector, the adjacent surrounding areas should be developed for the benefit of the people.

Questioning the employment structure in certain units such as the HMT Ltd. Shri Natuji H Thakore, Member of Parliament, wanted to know the status of merger of Praga Tools with HMT. He stated that operational efficiency was reduced in enterprises where the administrative offices were situated in regions removed from the area of operation and function. He, therefore, suggested that efforts should be made to rationalize such arrangements for optimal use of company resources and suggested that HSL should have its Head quarters in Gujarat instead of in Jaipur, since 70% of salt production is in Gujarat .

Both Dr. Mahendrasinh P.Chauhan, Member of Parliament, and Shri Pakauri Lal, Member of Parliament, observed that CPSEs should concentrate on their social obligation and not focus merely on profit making. In view of the mass exodus of rural population towards cities in search of work, the members were of the opinion that more PSUs should be set up in these areas so as to generate employment and grant development opportunities to the communities living here. In conclusion, the Hon'ble Minister assured the Members of his continued interest and commitment in resolving the issues raised by them and in ensuring that the Committee met at greater frequency than once a year.

# Revival package for sick PSUs will be reworked

Subhash Narayan

New Delhi, Mar 11: The government plans to rework the revival package for sick public sector undertakings (PSUs) with a substantial increase in funds for technological upgradation and modernisation of these loss-making entities.

This will be a big departure from the existing practice where major part of the financial package for sick units are given in the form loan and interest write offs. The changes will be implemented in all new cases of financial restructuring suggested by Board of reconstruction of Public Enterprises (BRPSE).

"It has been observed that often, the main reason for failure of revival packages is absence of adequate funds for modernisation and technological upgradation of loss-making units. This is important to ensure that revival packages become sustainable. The changes will address this issue and help revive the PSUs in real terms," said an official in the department of heavy industries.

Under the new scheme for reviving sick PSEs, all the administrative ministries under whose jurisdiction the sick PSEs fall will be asked to substantially hike the portion of fund for modernisation and upgradation. These could be 50% of the total sum approved for reviving a sick unit or higher. "The quantum could vary, the allocation will have to increase," said another official of the department.

The changes are being considered as out of total assistance and technological upgradation of loss-making units. This is important to ensure that revival packages become sustainable. The changes will address this issue and help revive the PSUs in real terms," said an official in the department of heavy industries.

## UNDER THE NEW SCHEME, ALL THE ADMINISTRATIVE MINISTRIES UNDER WHOSE JURISDICTION THE SICK PSUS FALL WILL BE ASKED TO SUBSTANTIALLY HIKE THE PORTION OF FUNDS FOR MODERNISATION

sum of ₹23,612 crore approved by the government (Cabinet/CCEA) for revival of 42 CPSEs so far, a sum of only ₹3,290 crore has been given as cash assistance for modernisation and technology upgradation of these sick PSEs. This has resulted in several sick PSEs continuing to make losses

despite the waivers given by the government.

In totality, out of a total proposal of 67 companies, BRPSE has given recommendations for revival of 59 CPSEs at a cost of ₹34,853 crore but has suggested only ₹5740 crore assistance to these sick units as cash assistance which could be used for carrying out the modernisation programme.

The major companies that have received assistance by way of revival package include Praga Tools, Central Inland Water Transportation Corporation, Hindustan Antibiotics, Hindustan Insecticide, Bharat Pumps and Compressors Ltd, Bharat Refractories etc. As per a Public Enterprises survey, 54 out of 213 CPSEs posted a combined loss of ₹14,424 crore in the year 2008-09 and losses of

several of these units units has further increased now adding more pressure on the government to release funds.

As part of long term policy to handle sick entities, heavy industries ministry has also decided to offer some of the sick units to other financially stronger PSEs. In this regard, Bharat Refractories has been taken over by SAIL while BHEL has taken up the revival of Bharat Pumps and Compressors. Similarly, Railways would take over revival of wagon and Engineering Company Ltd. In addition, a few units have also been identified for revival by inducting a joint venture partner or disinvestment by bringing in a strategic partner. Perpetual loss making entities will be offered for sale by inducting a strategic partner.

## नाल्को को उम्मीद

नई दिल्ली • सार्वजनिक क्षेत्र की एल्यूमिनियम उत्पादक कंपनी नाल्को को चालू वित्त-वर्ष के दौरान शुद्ध मुनाफे में 23 फीसदी बढ़त की उम्मीद है। कंपनी के पिछले 6 महीनों के दौरान मेटल की कीमतों में खासी बढ़ोतरी हुई है। ऐसे में कंपनी का शुद्ध मुनाफा 1,005 करोड़ रुपये तक पहुंच सकता है। पिछले वित्त-वर्ष के दौरान कंपनी का शुद्ध मुनाफा 814.22 करोड़ रुपये रहा था। अपने शेयरधारकों की बैठक में कंपनी ने कहा कि वह वर्ष 2011-12 के लिए 1,098.24 करोड़ तथा वर्ष 2012-13 के लिए 1,252 करोड़ रुपये मुनाफे का लक्ष्य रखा है। नाल्को में सरकार की 87 फीसदी हिस्सेदारी है। (प्रेट्र)

## गवर्नेस के मानकों का उल्लंघन

हाल ही में नई दिल्ली में 'पब्लिक एंटरप्राइजेज सर्वे' का विमोचन करते हुए भारी उद्योग और सार्वजनिक उपक्रम मंत्रालय के नए मुखिया प्रफुल्ल पटेल ने यह स्पष्ट करते हुए कहा कि सार्वजनिक क्षेत्र के उपक्रमों की प्रबंधन गतिविधियों में मूलभूत परिवर्तन पर विचार किया जा रहा है। सार्वजनिक उपक्रमों में सुधार की कार्यवाही की अभी कुछ समय के लिए स्थगित रखा जा गया है, क्योंकि भारत को वैश्विक अर्थव्यवस्था में गिरावट के नकारात्मक प्रभावों के कारण कुल समस्याओं का सामना करना पड़ रहा है। भारत में सार्वजनिक क्षेत्र की कंपनियों लगभग सभी उत्पाद सेगमेंटों में संलग्न हैं।

### गलत राह

पीएलए के प्रमुख चुन सकते हैं स्वतंत्र निदेशक सरकार का यह प्रस्ताव कॉर्पोरेट गवर्नेंस के नियमों के खिलाफ स्वतंत्र निदेशकों की वकालती चेयरमैन के प्रति होगी



कम है। निस्संदेह मंत्रालय के स्तर पर यह भारी खामी है कि वह इन कीमती कंपनियों के लिए अपेक्षित स्वतंत्र निदेशकों की नियुक्ति नहीं कर सका। पटेल ने प्रस्ताव रखा है कि स्वतंत्र निदेशकों का चयन बोर्ड के चेयरमैन को करने की स्वीकृति दी जाए।

इस कदम से हो सकता है कि सरकार पर काम का कुछ बोझ कम हो जाए और नियुक्ति प्रक्रिया में तेजी आ जाए, लेकिन यह कॉर्पोरेट गवर्नेंस के नियमों के सख्त खिलाफ होगा। चैयरमैन द्वारा नियुक्त स्वतंत्र निदेशकों की वफादारी निस्संदेह उसके (चेयरमैन) प्रति होगी। इससे यह होगा कि स्वतंत्र निदेशक मुश्किल से ही चेयरमैन के खिलाफ होंगे, जबकि मूल रूप से कानून में उन्हें असहमति मतदान का हक दिया गया है। प्रफुल्ल पटेल ने एक अन्य प्रस्ताव यह रखा कि चेयरमैन के पद के लिए नामों की संस्तुति केंद्रीय सतकारा आयोग द्वारा वॉच के बाद की जाए। प्रवेश के बिंदु पर यह आवश्यक जांच हो सकती है, लेकिन अप्रत्यक्ष रूप से सरकार का हस्तक्षेप तब भी इसमें रहेगा।

## Nalco first PSU to introduce Esops

PRESS TRUST OF INDIA  
Bhubaneswar, 6 March

Navratna PSU National Aluminium Company Limited (Nalco) has added another first to its credit.

India's leading producer and exporter of aluminium, Nalco has become the first public sector company to initiate action for Employee Stock Options (Esops), for offering its share to its employees, company sources said.

This decision of the Nalco board was endorsed in an extraordinary general meeting of the company's shareholders held here yesterday.

### THE ESOPS ARE PLANNED TO BE ISSUED TO THE EXECUTIVES OF THE COMPANY AS PART OF THE PAYMENT OF DUES TO THEM

The Esops are planned to be issued to the executives of the company as part of payment of dues to them under Performance Related Payment (PRP), a component of revised pay package, sources said.

The detailed scheme, including the price, would be worked out subsequently, they said. According to the guidelines of Dept of Public Enterprises (DPE), all CPSEs are required to formulate Esop and 10 per cent to 25 per cent of the PRP should be paid as Esop instead of in cash.

This scheme is expected to considerably improve performance and involvement level of the employees in the company, it claimed.



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