

एन्टरप्राइज

enterprise

Volume IV Period Ending July, 2011



- Ministerial Initiative for Consultative Committee on PE sectors
- Leh- Follow up interventions by CPSEs- a review by Secretary DPE
- CSR Hub News
- Workshops/Seminars/Events
- Living the Dream
- Departmental Happenings
- SCOPE in the News



From

The Editor's Desk



There is a time for conception, a time for sowing and a time for reaping...and somewhere in between is the longest period...that of cultivation and consolidation. Our quarter this time has been primarily one of these two core activities. A number of irons had been put into the fire, many worked upon, a few that had been turned a few times and some again that were still to glow hot. Various, in the fields of administration, personnel, collaborations, corporate governance and management, several forays have been engaged upon and those are the ones we have looked at closely in this period.

At the very welcome and farsighted initiative of our Hon'ble Minister, the Consultative Committee of the Ministry this time took an in-depth look at the major sectors of Power and Energy. Fruitful and clear interactions were held between members of Parliament and the representatives of the Public Sector, enabling a better understanding of the major issues.

Similar introspections were held by the Department on the issues of Corporate Governance and Performance Management Systems, focusing strongly on the Human Resource aspect and its impact on the profitability of

organizations. This was done through a series of workshops and seminars across the length and width of the country. The emphasis was on comprehensive understanding and collective debate on all the issues, so that implementation of the guidelines on CG, PMS and PRP may be a matter of ownership and acceptance rather than that of compliance with directives. With the guidelines in place for more than a year now, the period of gestation and initial difficulty is presumably over and the interactions with both CPSEs and SLPEs have been salutary in their openness and mutuality. This has lent insight into both the practicality and obstacles in the implementation processes within organisations committed to administrative excellence.

Continuing the inclusion of SLPEs in the experience-sharing efforts of CPSEs with regard to all levels of function such as MIS, CSR, Corporate Governance and PMS, regional workshops were held with enterprises from the north and central India. These workshops hugely enhanced the texture of two-way communication between the center and the states in terms of policies and current practices. The enthusiastic level of participation from organizations, government and administration alike, leaves one with high hopes for the cohesive nature of functioning of the Public Sector in the future.

The time was ripe for the expansion of plans for the activities of the CSR Hub, another seed sown a while ago. That was explored thoroughly with seminars and workshops on the curriculum, training methodology and time periods. Partner organisations and institutions were provided with the opportunity of knowledge-sharing and interchange of experiences. They were enabled to engage deeply in the task of CSR in the true spirit as laid down in the guidelines issued last year. It was also a time to seek concrete directions for the immediate future and this has led to the envisioning of a major national conclave in September at Leh.

Internationally too, it was a time for cogitation and discussion as demonstrated in the level of participation by our administrative institutions and PSEs in the 6th OECD meet in Seoul earlier in the quarter. The discussions currently engaged in within our circles, were amply reflected in those held among practitioners across the globe, lending credence and iterative reliability to our own initiatives and practices against international benchmarks of performance.

Celebrating the spirit of leaders that exist in abundance among the top echelons of our PSEs, we look in this issue, at the unique style of command of the MD of Balmer & Lawrie Ltd, a man of few words but great impact. As always, we share departmental happenings and the activities of associate organisations during the period under review and await your contributions for inclusion in our subsequent issues. We also eagerly look forward to your feedback and comments with the hope that each of our readers found something worth their while in the perusal of this new edition.



Contents



Ministerial Initiative for Consultative Committee on PE sectors ▶ 1



Leh- Follow up interventions by CPSEs- a review by Secretary DPE ▶ 3



CSR Hub News ▶ 6

Workshops/
Seminars/
Events ▶ 12

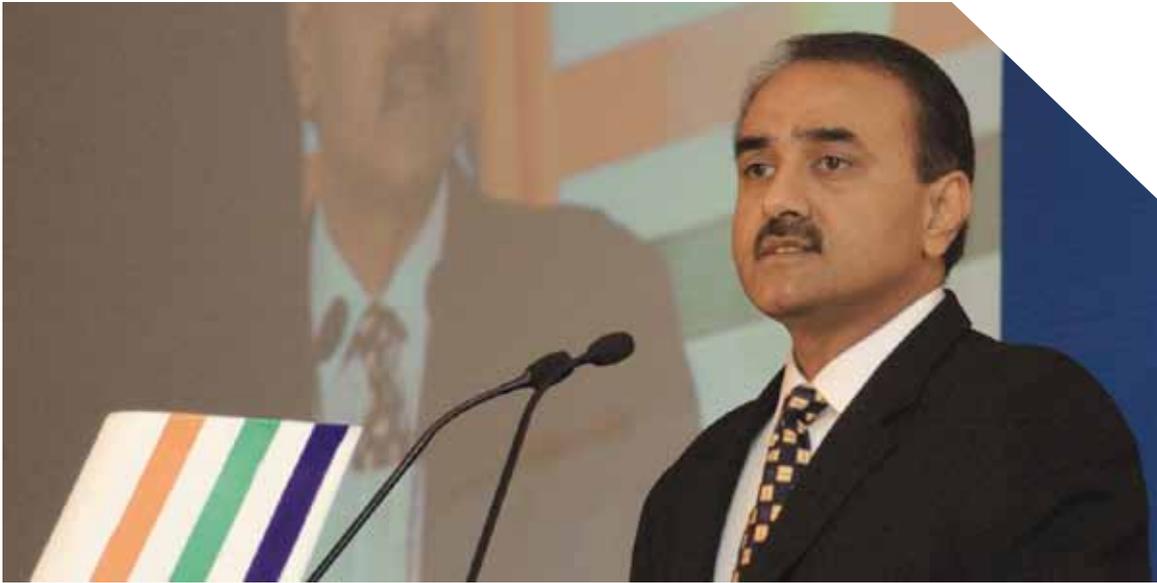


Living the Dream ▶ 18

Departmental Happenings ▶ 21

SCOPE in the News ▶ 25

Ministerial Initiative for Consultative Committee on PE sectors



The second meeting of the Parliamentary Consultative Committee of Ministry of HI & PE, under the Chairmanship of Shri Praful Patel, Hon'ble Minister (HI&PE), was held on the 14th of July 2011.

Welcoming the members of the Consultative Committee, Chairman BRPSE, Secretary, DPE, Secretary, Heavy Industries, other senior officers of the Ministry of HI&PE, CMDs and other senior officers of power Sector CPSEs, the Hon'ble Minister informed them that the subject of discussion by the Consultative Committee was the "POWER SECTOR". Power being one of the most important sectors of the economy, it has been identified for the first round of discussions in the Consultative Committee meeting.

Shri Patel then requested Secretary, DPE to say a few words before the presentations by NTPC and Power Grid. Welcoming once again the Members and Chairman of the Consultative Committee and the other dignitaries, CMDs and officials Shri Bhaskar Chatterjee, Secretary DPE, stated that this was an opportunity for the power sector CPSEs to showcase their achievements vis-à-vis targets, and challenges. He further informed the Committee members that besides the presentations by CMDs of National Thermal Power Corporation Ltd.(NTPC) and Power Grid Corporation Ltd., the CMDs of several other CPSEs such as the Nuclear Power Corporation of India Ltd., National Hydro Power Corporation Ltd., Neyveli Lignite Corporation Ltd., North Eastern Electric Power Corporation Ltd., Satluj Jal Vidyut Nigam Limited, Tehri Hydro Development Corporation Ltd. and Rural Electrification Corporation Ltd. were present to answer any query raised by the Hon'ble Members.

Thereafter, presentations on an overview of company performances, MOU ratings and CSR initiatives, etc. were made by the CMDs of NTPC and Power Grid Corporation Ltd.

The Hon'ble members appreciated the initiative of a consultative committee on different sectors of the Public Enterprises, taken by the Hon'ble Minister in order to facilitate free and open interchange of opinion and sharing of experiences. They observed that this would enable them to appreciate the challenges being faced by the CPSEs. Subsequently, several valuable suggestions were put forth by the members to further improve the reach and consolidate outcomes of the CPSEs in the power sector. The discussion also included several queries relating to issues such as contract labour, delay in project implementation and shortfall in generating power as per the original targets set in the Eleventh Plan.

The CEOs present responded to these queries with alacrity and welcomed further interaction. However, due to the paucity of time, it was decided that the Members may send in specific queries to be forwarded to the concerned CPSEs for their response. The meeting ended on a note of positive orientation and better understanding of the power sector scenario among all concerned.



Leh- Follow up interventions by CPSEs- a review by Secretary DPE

Shri Bhaskar Chatterjee, Secretary DPE, Ministry of Public Enterprises and Heavy industries, Gol, visited Leh in June. He met a number of people affected by the flash floods of 2010 and took stock of the relief work being carried out through Hindustan Prefab Limited. Accompanied by the CMD of HPL Shri Jaiveer Srivastava, he visited a number of sites including the much talked about 'Solar Colony' in Chughlamsar in the outskirts of Leh, where HPL has erected pre-fabricated houses for the flash flood victims. HPL has been the nodal agency for erection of prefabricated houses in about a dozen areas in the Laddhakh region of Jammu & Kashmir which suffered heavily during flash floods of August last year.



HPL has now embarked upon a project to create sanitation facilities by providing individual toilets to each household. They wish to complete construction of all the toilets before winter this year.

A large number of people suffered in these floods due to complete destruction of houses, shops, roads, hospital and even the airport. The CPSEs responded very quickly and HPL rose to the occasion and barely a handful of men supported by the local contractors and labour, erected over four hundred prefabricated shelters for the people who had lost their houses completely in a record time. The shelters were completed before the onset of severe winter in the region.

Shri Chatterjee expressed satisfaction over the work and its pace. He was full of praise for the nodal agency HPL who had exhibited an exemplary dedication to this noble cause. HPL honoured Shri Chatterjee by presenting a memento at the 'Solar Colony'.



Shri Chatterjee expressed satisfaction over the work and its pace. He was full of praise for the nodal agency HPL who had exhibited an exemplary dedication to this noble cause.

The memento which has a collage of pictures of the area was presented by a local girl who has lost her elder sister to the flash floods. The Deputy Commissioner Leh Shri T. Angchuk was also accompanied the Secretary in this visit.

Most people who have been allotted the prefabricated rooms have constructed another room to make it into almost a complete household. The beneficiaries were to build one room on their own with the relief money they received. HPL has now embarked upon a project to create sanitation facilities by providing individual toilets to each household. They wish to complete construction of all the toilets before winter this year.



Last year's flash floods caused havoc to the infrastructure of this otherwise picturesque Himalayan town of Leh damaging its only multi-specialty hospital, bus stand and roads. During the DC's presentation to the Secretary, it was evident that Laddakh badly needs help in recreating these and many more important facilities. On Shri Chatterjee's initiation, HPL has decided to help with three new projects - ***reconstruction of bus terminal into an all new international standard facility, drainage and sanitation facilities at the 'Solar Colony' and construction of an ultra-modern Trauma Center at Khaltse about 120 km from Leh on the Leh-Kargil highway.*** HPL has started to mobilize CPSEs for the funding of these projects and Shri Srivastava is hopeful that they would be able to launch these projects very soon.

Shri Chatterjee visited some remote parts of the region including a short visit to the highest salt water lake, Pangong Tso in Changthang area, to the White Lotus School and to the famous Hemis Gompa.



On Shri Chatterjee's initiation, HPL has decided to help with three new projects - reconstruction of bus terminal into an all new international standard facility, drainage and sanitation facilities at the 'Solar Colony' and construction of an ultra-modern Trauma Center at Khaltse about 120 km from Leh on the Leh-Kargil highway.



CSR Hub News

One of the most innovative forays by the DPE in streamlining the functioning of CPSEs in especially in the non-financial areas has been the setting up of the CSR Hub to facilitate the CSR activities of CPSEs. Since its inauguration early this year, several meetings have been held to ensure that the key players are well aware of their roles and responsibilities. Towards this end, Secretary, PE took a meeting at TISS, Mumbai to sensitize the functionaries of the National CSR HUB at Mumbai about the responsibilities and tasks assigned to them. On the same day Secretary also held a meeting with the representatives of 22 CPSEs in charge of CSR activities in their respective organizations in the region, opening the path of discussion on the adherence to the CSR guidelines issued by the DPE. Subsequently, meetings with partner institutions and CPSE representatives were also held to discuss creation of the training curriculum and calendar for the CPSEs.



Shri Bhaskar Chatterjee, Dr. U.D. Chobey, Dr. Sharat Kumar



Shri Bhaskar Chatterjee, Secretary, DPE



Dr. U.D. Choubey, DG, SCOPE



Dr. B. Venkatesh Kumar, TISS, Mumbai

Brainstorming

On 30th June 2011, Secretary DPE Shri Bhaskar Chatterjee, chaired the next round of meetings in Delhi with the Hub administrators and the identified partner institutions. Apprising the group about the developments vis-à-vis the CSR-Hub, Dr. S. Parasuraman, Director, TATA Institute of Social Sciences (TISS), Mumbai mentioned briefly the tasks assigned to the CSR-Hub and the progress made so far. Speaking in detail about NGO partners associated with TISS, he informed the gathering that the website of CSR-Hub would soon have the complete list of those NGOs in India who have been short listed by UNICEF. He also suggested that the poorest districts of the country may be identified for CSR work. He also shared the contents of the Strategic Note on TISS, prepared with UNICEF assistance.

The UNICEF presentation recommended six main functions of the CSR Hub, namely research and advocacy, capacity building, creation of data- base, evaluation of project implementation and strategic direction for CSR expenditure.

It was mentioned clearly that unless the CSR activities of CPSEs were reported to TISS for preparing their data-base, they would not qualify to be granted the marks slated for CSR activities under the MoU. The latest clarification issued by DPE, identifies expenditure incurred on CSR training as CSR expenditure. The date for the training of master trainers was also decided upon.

Shri Manoj Kumar Arora, Director, Indian Institute of Corporate Affairs mentioned the CSR guidelines for the corporate sector under preparation by the Ministry of Corporate Affairs. Shri Bhaskar Chatterjee opined that activities of the National CSR-Hub set up by DPE could easily be synergized with the National CSR Foundation of the Ministry of Corporate Affairs.

Secretary, DPE (and Chairman) discussed the modalities of the training methodology with the representatives of the training institutions present - OKD Institute of Social Change & Development, Guwahati, Institute of Public Enterprise (IPE), Hyderabad, Xavier Institute of Management (XIM), Bhubaneswar and Indian Institute of Foreign Trade (IIFT), New Delhi. The training program was to be oriented to the ultimate objective of training about 300

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



Shri Rakesh Bhartiya, Director, DPE



Mrs. Vandana Chanana, GM, GAIL (I) Ltd.

CPSE executives dedicated to CSR work. TISS, Mumbai as the principal coordinator for the Training Programme, would assign zonal targets to the partner institutions for training the executives and prepare the training module and training calendar. The team would now reconvene for the Training of Trainers meet scheduled for the following week.

Orientation

The one day Master Trainers' orientation workshop held on 5th July 2011 saw representatives of the six institutions, members of the DPE and SCOPE and key representatives of CPSEs come together for the first orientation towards the master trainers' course to be conducted by the Hub and the partner institutions. Introducing the subject Shri Bhaskar Chatterjee, Secretary DPE, said that the reason that the Department had issued the guidelines for the conducting of CSR was that the term itself had several and varied interpretations and it is easier to outline the methodology of such activity than to define the nebulous entity. Categorically in fact, according to Shri Chatterjee, it was easier and perhaps more accurate to define what it did not entail. The detailed document of the guidelines would serve as the most comprehensive starting point for the design and content of the course material, he said.

Introducing the subject Secretary DPE Shri Bhaskar Chatterjee said that the reason that the Department had issued the guidelines for the conducting of CSR was that the term itself had several and varied interpretations and it is easier to outline the methodology of such activity than to define the nebulous entity.

As a steering point, he said, one must remember that any project undertaken by the organization for the benefit of the organization or for the welfare of its members, or any activity that falls within the direct purview of the company activities or core business would automatically stand null and void. The activity must also clearly follow a recognizable pattern of a fixed timeline, a proper project mode, an allocated budget and clear indication of milestones to be achieved along the way in the period of execution.

In addition Shri Cahtterjee clarified that any money released directly to Central/State Government Treasury, or accounts of Gram Panchayat or District Administration will not qualify as CSR expenditure beyond a maximum of 5% of the organization's assigned CSR budget. This is because these agencies would not be able to maintain separate accounts of CSR expenditure for specific CPSEs; nor would there be adequate recognition for the concerned CPSE for the work done out of their funds. Moreover, the funding CPSEs would have no control or supervision over the work done with the funds provided by them.

On the directive of CSR projects to be handled only by professional agencies and to be monitored and evaluated by external agencies, Shri Chatterjee said that regular CPSE staff has neither the requisite training nor the defined time available to make an impact. It was therefore imperative that such organizations are approached in order to implement the activity. Clear need assessment studies, involvement of the community, viability of the project, its sustainability and an impartial monitoring and evaluation methodology to be undertaken by external agencies were all essential to the rating afforded in the MoU. It was also mentioned that the CPSEs might consider creating a similar sort of MoU between themselves and the agencies engaged to execute and implement the CSR projects in order to derive the maximum benefits of such association.

Defining the need for the orientation workshop, the Secretary clarified the fact that arbitrary training decisions would work against the purpose of the initiative. Besides this, there was a concrete need to focus on the magnitude of the task at hand and the institutions required to understand the dimensions of the roll out plan of the entire training scenario. The institutions were to be divided according to the region of their operation but the

The representatives of the institutes were informed that a training calendar was to be prepared urgently listing out the programmes. As in case of other aspects relating to training, TISS would continue to be the nodal agency for preparation of training calendar also.

CPSEs assigned to them for training could be from any part of the country and in fact cross regional trainings would be encouraged, he said. Shri Chatterjee also elaborated upon the nodal role of TISS in the functioning and administration of the Hub, acting as the knowledge node and project partner. Responding to queries about the qualification of CPSEs to be able to identify reliable organizations to execute, implement and monitor the activities under their CSR, Shri Chatterjee informed the gathering that the Hub would also house a list of approved and bonafide NGOs and other organizations to facilitate the implementation and monitoring of CPSE CSR projects. Shri Rakesh Bhartiya, Director, DPE made a detailed presentation on behalf of the DPE on the exact dimensions of CSR as envisaged by the DPE and detailed in the guidelines.

Shri Chatterjee then invited the representatives of the two CPSEs-GAIL and ONGC to share the CSR projects and experiences of their organizations with the gathering. Ms Vandana Chanana gave a brief and succinct over view of the various CSR forays of GAIL, with special emphasis on the environmental focus of their interventions and the clearly project based style of the activities. Evident from her presentation was the focused and professional nature of GAIL CSR projects and the reiteration of recognition for the need





of trained and qualified personnel to execute and monitor such activities.

Shri S Gopinath made a very well thought out presentation with each activity in each area of CSR, whether it is health or education or environment, clearly marked against clauses in the CSR guidelines of the DPE, thereby demonstrating amply the acceptable configuration of activities that would qualify under these guidelines to be a part of CSR, and therefore earn the requisite marks in the MOU rating. A lively discussion followed on the

actual outlines of projects and the area within which the company may be said to have undertaken CSR and several doubts were cleared and issues flagged. It was decided that the members would send in suggestions to TISS for the outline training module content and course structure before the members met to finalise the same.

Course Structure & Design

Secretary, Department of Public Enterprises presided over the next meeting held after a gap of a period of three weeks. The members were sensitized to the dimensions of the task ahead i.e. training of Central Public Sector Executives in Corporate Social Responsibility (CSR) in the remaining months of the year 2011-12. The representatives of the Institutes were informed that lists had been drawn of the CPSEs which would be attached to the respective institutes for training of their executives in CSR.

All institutes were told to prepare a uniform training module of two days (2 days) for the training of the CPSE executives in CSR. The second half of the first day training would be reserved for field visits to a CSR project in the vicinity of the organisation and first half of the second day would centre around discussions on the field visit undertaken. The last session of the second day will be an interactive session. It was also suggested that institutes may be in touch with each other for ensuring uniformity in the teaching method/module/timing, etc. The case study method would be an integral part of the training programme.

In order to comprehend the dimensions of the impact of the CSR activity on the MoU signed by the organizations with the government, it was also suggested that MoU Task Force Members in charge of the CSR could be associated with the training programmes and the institutes were handed over a list of Task Force Members with contact details.



The representatives of the institutes were informed that a training calendar was to be prepared urgently listing out the programmes. As in case of other aspects relating to training, TISS would continue to be the nodal agency for preparation of training calendar also. TISS would also open a Training Forum on their website to help the training institutes to share their experiences, the format of which would be prepared by TISS.

It was decided that a letter would issue from Director, TISS to CMDs of all identified CPSEs informing them about the training institutes attached with the respective CPSE for the purpose of CSR training and this letter would mention a specific and defined time frame within which training is to be imparted. This letter would be followed by a letter from Secretary, DPE to all the institutes, reiterating the importance of such CSR training for their executives.

It was also suggested that each institute would prepare a questionnaire to be filled by the trainers at the end of training so as to give proper feedback. The institutes may also conduct an assessment test, which could be optional, and the letter of Director, TISS to CMD of CPSEs refer to this assessment and evaluation as well. Cost of training of executives, which is eligible for exemption as CSR expenditure, is to be clearly indicated by TISS in their communication to the CPSEs.

The representatives of training institutes were given a paper on “Execution of CSR Project – a Step by Step Approach” to be included in the curriculum. The structure of that included the following heads: Plan, Budget, Board approval, Evaluator, Documenter, Base-line Surveyor, Need identification study for identifying areas of CSR intervention, Narrow down to a specific “Project”, Identification of “implementing partner”: Either from own panel, if existing, Or panel of Government/Planning Commission/State Government, CSR HUB listing or validation by HUB, Base-line Survey for the “Project”.

The project phase had the following subheads: Project plan to be drawn up including Objective, Time Frame – Long term, Medium term, Short term and “Pilot”, Resource Allocation -Funding, Manpower, Internal Approvals, Report Project to TISS HUB, Implementation Roll out: MoU with executing partner detailing-Project milestones, Payment schedule/plan, Monitoring Schedule, Documentation, Project Implementation Committee for:Monitoring, Reporting, and finally the wrap up stage which includes Assessment – Concurrent and final, Reporting to the HUB and Feedback leading to Process improvement

The Master Trainers of the respective institutes gave a mock training demonstration on the various aspects of CSR Guidelines and a Question/Answer Session followed. The result of this exhaustive stratified interaction was a defined course and training structure, clarity on the training goals and time frames within which the training is to be completed, clarity on the thrust and impact of CSR and clarity in its design, execution, monitoring and evaluation.



Workshops/Seminars/Events

WORKSHOPS ON PMS-North and East Region

The success or failure of an enterprise may be gauged by the quality of its human resource and the remuneration it draws for its expertise. As the latter is directly linked to the former, it would be accurate to deduce that higher performing individuals would be entitled to higher levels of pay. The 2007 Pay revision is a paradigm shift in the pay structure of the Executives and non-unionized supervisors of CPSEs. A variable pay or Performance Related Pay (PRP) as is commonly known, is a significant part of the Pay Package. A robust and transparent Performance Management System (PMS) also plays a vital role in determination of quantum of the PRP. In order to assess the range of issues related to such PMS and the implementation of PRP in organizations, the Department has been engaged in a series of workshops for dissemination, clarification and discussion on the subject, across regions. The Fourth and Fifth editions of the same were held in this quarter. Here we present a glimpse of the highlights of the two.

A win-win situation for all- Fourth DPE Workshop on PMS –Northern region



The fourth workshop in the series of workshops on PMS to share the experience with the participants from various CPSEs was organized by DPE, in coordination with SJVN Ltd., on 30.05.2011 at Chandigarh. The previous workshops had been held at Hyderabad, Gurgaon and Kochi. 19 Mini Ratna-I CPSEs from the States/ UTs of Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh, Chandigarh and Delhi took part in Chandigarh workshop. Senior officers from the Administrative Ministries/

Departments, Nodal officers of some of these States/ UTs and representatives from the Office of the Accountant General also participated.



Shri AK Mukherjee, General Manager, (P&A), SJVN Ltd. gave the welcome address to open the program. He thanked the DPE for choosing SJVN Ltd. as coordinator for discussion upon such an important issue, stressing upon the importance of the PMS in the changed market scenario. Shri Arun Kumar Sinha, Joint Secretary, DPE, gave opening remarks and made a presentation, wherein he highlighted the need and importance of PMS to achieve the goals of organization, harmony of goals and recognition of superior performance. He elaborated the guidelines for PMS, linkage with monetary benefits in the form of PRP, determinants and rating systems of PRP with emphasis on "Bell Curve Approach".

Shri Bhaskar Chatterjee, Secretary, DPE, before his inaugural address, along with the dignitaries on the dais, formally released the volume III of "Enterprise", DPE's quarterly news letter. Secretary, DPE in his address brought into focus the importance of the PMS workshop. He emphasized on the need for unification of goals horizontally and vertically across an organization. He insisted on developing an insight into the obsolescence of the human resource as akin to any technological obsolescence. Secretary, DPE further talked of the prevalent job security in CPSEs leading to complacency. Observing that CEOs of CPSEs did not have the freedom of either rewarding or reprimanding performance or lack of it to any scalable degree, a visible and tangible constraint, Shri Chatterjee observed that there was therefore a necessity of a robust performance appraisal system with a rationale of proportionate rewards, motivating superior performance. He explained that HR having been made a compulsory element under the Non-financial parameters in MoU from 2012-13 onwards, 'implementation and compliance of PMS' has been included as a component with a weightage of '1', lending it great importance.

The address by Secretary, DPE was followed by a series of the presentations by SJVN Ltd., STC, AAI, RITES, EIL, NHPC, HUDCO, CONCOR, NFL, MMT, TCIL, BSNL, IRCTC, IRCON, and WAPCOS, with intermediate interactive sessions. During the course of discussion, a number of issues, relating to PRP and PMS were deliberated, which Secretary, DPE assured the gathering would be examined in the Department.

The Participants appreciated the conducting of such workshops on the part of the DPE, and stated that the discussion on PMS and PRP were a real learning experience. Participating CPSEs were exposed to both the best practices and the pitfalls experienced by organizations and had the informed choice of emulating the best practices in other CPSEs and adapting their own PMS so as to avoid the problems being faced in some CPSEs.



Collaborative thinking for Collective benefit – Fifth DPE workshop on PMS-Eastern Region

The fifth workshop on Performance Management Systems conducted by the Department of Public Enterprises and facilitated by Balmer & Lawrie Co., was held in Kolkata on the 22nd of July 2011. An extremely well coordinated event, it kicked off to a flying start with the precise and informative welcome address by MD Balmer & Lawrie- Shri Swapan Kumar Mukherjee.



Shri Mukherjee spoke briefly of the origin and background of his company, with the objective of bringing in focus the multifarious activities and culture within which the company has to function. Extolling the fact that the company has never in its more than a century old period of functioning ever had a single loss making unit, a laudable achievement indeed, Shri Mukherjee said that the introduction of Performance Related Pay (PRP) reflects the character of business, and Balmer & Lawrie has a comprehensive Performance Management System and PRP in place. Reiterating that the mantra of 'one size fits all' does not work for businesses of varied character, Shri Mukherjee said that this was an aspect addressed by B&L through their physical unit approach, keeping distinct P&L accounts for each, thereby making it very easy to allocate responsibility and evaluate performance.

Presenting the DPE guidelines on PMS, Joint Secretary Shri AK Sinha gave a comprehensive overview of several aspects of the Performance Management Systems, including the relationship between profit and PRP, the determinants of PRP and the relationship between the MOU and the PRP.

Delivering the keynote address, Secretary DPE Shri Bhaskar Chatterjee said that the series of workshops was an attempt to discuss threadbare all the issues and ensure that everyone is on board without further delay. The PMS is a mandatory part of the MoU and as such of paramount importance. Within PMS, said Shri Chatterjee, lay inherent the importance of HR and its management. Shri Chatterjee said that the performance appraisal must be such as to provide means of objective evaluation. This should be carried through from the highest level of executive to the lowest rung in the organization.

Speaking of the bell curve formation, Shri Chatterjee said that it is an extremely handy tool to ruthlessly examine both the organization and the executives though there are no absolutes. The clear sightedness of the private sector wherein clarity of constructive criticism is both welcomed and a regular feature, Shri Chatterjee said, is a practice essential for the positive growth of both the individual and the company. The identification of the bottom grade, needs to be done with steely determination. According to Shri Chatterjee, these workshops were in the nature of a wake-up call, to gather and manage the human resource component of the organisation, so that it may grow with growth in each individual unit.

Presentations were made by all the participating Miniratna companies on the stages of implementation, the methodologies and the experiences of PMS within their organization. Several interesting factors were highlighted through these presentations and subsequent open house discussions. These include the fact that: *i) No organization had in fact, granted the lowest poor rating to any employee, therefore failing to achieve the bell curve formation, ii) The ratio of personal attributes to professional capacity increased at each level to the detriment of the former, iii) In lower ranks, greater emphasis*

“Now that the robustness of the sector has been recognized and its strength established, it is necessary to recognize the inevitability of change and move so that all may reap the fruits of the processes involved.”

Bhaskar Chatterjee-Secretary DP





is laid on executive capacity and skill sets rather than personal attributes that may contribute to their performance, iv) Most people felt the need of a proper exit policy for employees of PSEs, v) The Numaligarh Refinery Limited has a PMS system in place since 1995, vi) The company also has a training and improvement program for under-performing employees, vii) The KRAs are set at the beginning of the year in consultation with employees by certain companies, completion of workplan linked to MoU targets and the entire process cascaded down to the last employee on the rolls, viii) PMS also has the provision for appeal, governed by a moderation limit that moderates

employee performance to the bell curve in certain organizations, ix) Organizations such as EDCIL had found it possible to extend the PRP to all employees, including union, no-union and contractual employees, x) Certain companies treated the performance of anyone below 50% as poor, xi) MoU targets had been devolved down to even non executive employees in certain cases and xii) Certain companies were using open fora for clarifications and discussions on issues related to PMS

Shri Chatterjee appreciated the efforts, the level of compliance by some of the companies, the amount of thought that had gone into creating the PMS and the remarkable quality of presentations. He urged the gathering to apply their mind, put in place objective systems of performance evaluations and to realign and reaffirm with DPE guidelines not only PMS methods but all other arms of HR management systems as well.

Shri SK Mukherjee summed up the workshop with a vote of thanks for the frank and easy sharing of opinions and views by the 19 Miniratnas present on the occasion.



LEARNING THE ROPES: Regional Workshop on MoU System, Corporate Governance and MIS for SLPEs.

The Department of Public Enterprises, Government of Orissa with cooperation of Ministry of Heavy Industries & Public Enterprises, Govt. of India, organized a Training Programme at Bhubaneswar for State Level Public Enterprises in May 2011, on the best practices of Memorandum of Understanding, Corporate Governance and MIS as practiced by the CPSEs. The active participation by the state government in the programme brought forth the importance that is now afforded to the state owned enterprises in view of their immense contribution to the central exchequer.

The DPE has been conducting Regional workshops to apprise the SLPEs of the manner of functioning of the CPSEs in a series of disseminative training interventions. The initiative of the state government in this regard is highly commendable as it indicates the level of commitment to promoting excellence among the SLPEs. The programme was inaugurated by Sri A U Singhdeo, Hon'ble Minister, Public Enterprises, Orissa, along with Shri B.K. Pathak, Chief Secretary, Orissa, Shri A.K.Sinha, Joint Secretary, DPE, Govt, Orissa and Dr, Saurabh Garg, Commissioner-Cum-Secretary. Remarking on the efficiency of function afforded by the unique vision of governance, the dignitaries remarked that the programme was very timely and that the system of Corporate governance and MOU should be instituted in all PSUs.

Senior officers of the Ministry of Heavy Industries and Public Enterprises including Shri A.K.Sinha, IAS, Joint Secretary, Department of Public Enterprises, Govt. of India and Dr. Sharat Kumar, Economic Advisor attended the meeting, while officers of the DPE, Govt, of India made presentations on the subjects. The CEOs of the SLPEs along with senior officers, and Principal Secretaries/ Secretaries of the concerned Administrative Departments attended the programme.

A similar programme was also conducted by the Government of Madhya Pradesh in collaboration with the DPE, in order to reiterate the need for adopting these practices at the state level among PSUs. The programme was held on 24th & 25th June 2011 and presided over by.....along with other dignitaries, state officials and CEOs.



Living the Dream

MD – BALMER LAWRIE & COMPANY



Sitting at the helm-Swapan Kumar Mukherjee, MD

When a young and earnest Swapan Kumar Mukherjee joined Balmer Lawrie & Company in 1976 as management trainee in the lubricant factory, the only stars in his eyes were those of the charm of a first job in a company of international repute. Armed with a degree in finance and the eagerness of a fresher, his only ambition was to do a good job at what he had been asked to do. Little did he then dream, what destiny had in store for him.

The Early Years

Shri Mukherjee refers to himself as the quintessential BL&Co man. His finance background made him one of a rare breed of employees who could be moved from business unit to business unit within the company-exposing each aspect of the nerves and sinew that built the giant that Balmer Lawrie & Company is today. Learning the ropes in this exemplary manner, his analytical mind absorbing and storing information systematically, he was soon assigned to the corporate office in the treasury and corporate tax wing. This appointment afforded him the insight into the corporate aspect of finances within the company, thus equipping him with the essence of financial control and function of the organization.

To add to the variety in his experiences, Shri Mukherjee was then seconded to Balmer Lawrie & Company Joint Venture Company in Dubai in '97-'98. The JV, one of the earliest among PSEs, that was started as a branch in 1978 and later converted to a partnership in 1983, had Balmer Lawrie & Company partners for technology. Shri Mukherjee's tenure here gave him an insight into the overseas operations and JV initiative of the company as well. He was now thoroughly primed to be able to lead the company on all fronts. Much like the famous boardroom table that has added layer after layer as the board size increased, never removing the original piece, Shri Mukherjee too added to his profile segment by segment and became a composite whole-the true representative of the company ethos. Yet this was neither his dream, nor what he sought for himself. His sole focus was on creating the basis for a financially sound and independent company in his role as GM Finance for which he was recalled from Dubai by the then Director Finance Shri Bishnoi.

Holding Financial Reins

In due course of time, this young energetic young man had matured into a hard core finance management professional. Mr. Mukherjee attributes his exceptional financial expertise and acute business sense to his induction into the finance department and feels

that is was during his tenure as the GM Finance that he actually got to know each and every minute detail about the functioning of Balmer Lawrie & Company. He was required to interact with each unit and this series of interactions gave him total company exposure over and beyond what he had already earned in the preceding years. It gave him insights into every department which led to his thorough understanding of the giant that Balmer Lawrie & Company is today.

On the appointment of Shri Bishnoi as MD, Shri Mukherjee picked up the reins as Director Finance from 2002-the post that was closest to his heart. As Director Finance, he dreamt of a debt free company and worked earnestly to achieve that potential. Within his tenure all long term debts of the company were paid off, business plans developed at the SBU level after exhaustive SWOT analysis on market, product, competition etc at the grass root level. Shri Mukherjee saw the potential of growth and decided to consolidate existing activities of the company. From the SBU plan the company drew up a Corporate plan with active participation from all levels of the organization. However, he had not anticipated the changes in the offing-unexpected and completely beyond anticipation.



The boardroom table of BL&Co

Turmoil, Turbulence and Balance

Just as he was consolidating the company's financial position and looking forward to progressing with the plans that had been drawn up for enhanced performance at all levels, Shri Mukherjee along with his colleagues got a shock when IBP, the holding company of BL&Co was disinvested in 2004. In 2004, Balmer Lawrie Investment Limited was formed after and Balmer

Lawrie & Company was demerged from IBP and it was proposed that the company would then be disinvested with shareholders receiving proceeds of the sale and then be liquidated. It seemed to be the death knell for all dreams centred around the company and moroseness settled in quickly within the leadership that had seen great potential. However, the UPA government decided not to disinvest any profit making PSU, and suddenly Balmer Lawrie & Company got a fresh lease of life. On the 1st of April 2004, Shri Mukherjee was given the additional charge as MD.

Living the Dream-A challenge to overcome

After a subsequent interview in September of the same year to consolidate his position as MD, Shri Mukherjee assumed the official charge of the MD in April 2005, initially for a period of five years which was later extended up to the time of his superannuation. The young apprentice of '76 was suddenly heading the empire he had stepped into as a fledgling trainee. An undreamt dream was suddenly upon him.

Drawing on the mantle of the MD at that point was a major challenge. Fresh from the almost disinvested status, company morale was low and his primary task became to recreate the feeling of self belief that had marked Balmer Lawrie & Company throughout its long history. Overcoming the initial moroseness, he managed to turn the reversal of the disinvestment order into a position of strength-emphasizing the point of profitability, thus returning to his own strength-the magic of numbers. Due to his own obsession with achieving a debt free record book, one that he ruefully acknowledges might have been

too narrow an outlook in view of the company's own requirements and priorities, the profits of the company were low. The government suggested the laying down of a five-year corporate plan to pull the profit levels up enough to justify their continued existence. The farsightedness exhibited by the company leadership had already placed the outlines of a corporate plan in their hands, but this had to be restructured as a strategic plan to be implemented from 2005-2010. This extensive plan had a bottom-up approach and year 2003-04 was considered as the base year which had seen the highest ever profit till then. With great enthusiasm the MD launched the plan – his aim - to cultivate a culture of high financial discipline and to turn Balmer Lawrie & Company into the company its potential promised. The management led by Mr. Mukherjee never lost sight of their overall goals and supervised every action of the SBUs minutely. Strong winds of economy supported the move and fortune favored the initiative.

“As luck always favours the brave and strong, it favoured us,” quips in Mr. Mukherjee with a glow in his eyes. According to him the biggest challenges were to inspire and empower people to perform at their optimum levels, provide enough space and review every target effectively as a part of the system. The target-to achieve a 2000 Cr turnover and a 200 Cr PBT by the end of the strategic plan tenure. They managed it-albeit one year late.

Once the initial problems were overcome, the new corporate plan became the back bone of BL&CO. Chanting the mantra of ***‘We can Deliver-We can do it’***, Shri Mukherjee and his extremely able and dedicated staff put their shoulders to the wheel and set about achieving each target with zest.

The Quiet Leader

Unwilling to take the credit for the smooth manner in which the company has maintained its profitability profile-BL&Co does not have a single non-profit making unit- Shri Mukherjee attributes it to the fact that he had the best team in place, the most focused minds at work and a company that refused to be beaten, behind him. The added advantages of a very strong finance team, led by his own vast experience and knowledge of the company, the high retention rate among employees, high degree of job satisfaction and the opportunity of units to function in a decentralized manner only made the task easier, he feels. The plan, according to him, consisted of very simple guidelines like, ***‘Maintain existing assets’***, ***‘Believe in yourself’***, ***‘Maintain strong financial discipline’*** and ***‘inheriting the advantages of separate assessment centers in the SBUs and converting those into corporate advantages’***. The result of all this was for everyone to see-like the phoenix rising from the ashes, BL&Co emerged from the shock of being put up for disinvestment stronger and more profitable than ever before.

Keeping pace with global developments and in accordance with its basic plans, Balmer Lawrie & Company continues to diversify its business with newer partnerships and ventures. A PMS that is robust, PRP increasingly related to the capacity for making profit, innovative ideas such as a corporate office that functions as a banking center for its SBUs and a man at the helm who is unassuming but firm, has visions but shares dreams, leads from the front but is willing to stand by and lend support have resulted in the enviable stability of Balmer Lawrie & Company- a company that spells solidity inherent in its diversity. Indeed, a wonderful example of how plants can bloom under the right sort of nurturing and a caring gardener.

Departmental Happenings

Secretary (BRPSE) joins DPE

Welcome



Ms. Swarnamala Rawla
Secretary (BRPSE)

Smt Swarnamala Rawla, IAS, (MP:80), has taken over as Additional Secretary and Secretary in the Board for Reconstruction of Public Sector Enterprises on 6th July, replacing Stuti Narain Kacker IAS, UP1978 batch. She was erstwhile Joint Secretary in the Department of Animal Husbandry, Dairying and Fisheries

New Joint Secretary Joins DPE

Welcome



Shri Ashok Kumar Pavadia

Shri Ashok Kumar Pavadia, IRTS (81) has joined the Department of Public Enterprises as Joint Secretary on 4th August, 2011 from North West Railway. Shri Pavadia has two master degrees in Political Science and Public Policy and Administration. He has been entrusted with the work related to Wage Policy of CPSEs, CRR, VRS, EDP, ICPE, SC/ST Cell, CSR, matters relating to SCOPE, Policy Planning Division, case related file in respect of PMA etc.

Farewells



Shri Bhupender, Shri B.V.S. Manian and Ms. Dayavati Sharma, Private Secretaries, were given hearty farewells on their transfer on promotion from the Department of Public Enterprises as well as from the Department of Industrial Policy and Promotion cadre of Central Secretariat Stenographer Service. The Secretary Shri Bhaskar Chatterjee was present on the occasion and spoke highly of the services rendered by them and wished them well.

Board for Reconstruction of Public Sector Enterprises (BRPSE)

The Board for Reconstruction of Public Sector Enterprises (BRPSE) reviewed the implementation of approval of the Government in respect of 3 CPSEs namely (i) Hindustan Organic Chemicals Ltd.- revival through a revival package of Rs.250.00 crore from GOI, (ii) Bengal Chemicals & Pharmaceuticals Ltd.-revival through a revival package of Rs.440.60 crore from GOI. and (iii) Hindustan Antibiotics Ltd.- revival through a revival package of Rs.405.16 crore from GOI.

The Board also reviewed progress in the processing of its recommendation for the seeking of approval of the competent authority in respect of 4 CPSEs namely (i) Indian Drugs & Pharmaceuticals Ltd. (IDPL) and its subsidiaries viz. IDPL (Tamil Nadu) Ltd. & Bihar Drugs & Organic Chemicals Ltd. (BRPSE had recommended revival of them in March, 2007) and (ii) Hindustan Fluorocarbons Ltd., a subsidiary of Hindustan Organic Chemicals Ltd. (BRPSE had recommended revival of it in June, 2008).

Possibilities for exploring Joint Ventures, Co-operation, Mergers & Acquisition among the companies engaged in construction sector such as (i) National Building Construction Corporation Ltd. (NBCC), (ii) Hindustan Prefab Ltd., (iii) Hindustan Steelworks Construction Ltd., (HSCL), and (iv) National Project Construction Corporation Ltd.(NPCC) were explored by the Board. It also constituted a Task Force headed by Chairman, NBCC to examine the options of project-based consortia and suggest course of action in the matter, etc.

The Board also recommended certain measures to the Government for strengthening CPSEs (particularly sick CPSEs), which include enhancement of superannuation age of Board level and below Board level appointees, Pay protection to fresh appointees in sick CPSEs, Allowing officers from CPSEs/Government on deputation, Automatic grant of incentives in the form of extension of tenure upto 65 years of age and lump Sum amount upto maximum of Rs.10 Lacks to Board Level incumbent responsible for the turnaround, and Selecting mid-career young executives from the well performing CPSEs by rephrasing the present eligibility level and relaxing the Recruitment Rules.

The Board has so far given its recommendations to Government for the revival of 59 CPSEs.

PESB Activities

The proposals for appointment of non-official Director on the Boards were considered in consultation with Public Enterprises Selection Board (PESB) and names were recommended for Hindustan Prefab Limited, Indian Rare Earths Limited, Brahmaputra Valley & Fertilizer Corporation Limited, Projects & Development India Limited. Further consideration was held on the appointment of non-official director on the Board of Brahmaputra Crackers & Polymers Limited

The Search Committee also recommended the names for filling up vacant positions of non-official Directors on the Boards of Power Grid Corporation of India Limited, Indian Renewable Energy Development Agency, WAPCOS Limited, SJVNL Limited, NMDC Limited, THDC India Limited, NHPC Limited, Eastern Coalfields Limited and Bharat Coking Coal Limited. Names were also recommended for filling up 2 positions on non-official Directors on the board of Hindustan Zinc Limited, erstwhile CPSE.

One post of Functional Director, (Human Resources & Corporate Affairs) was created in Balmer Lawrie & Co. Ltd., a Schedule 'B' CPSE.

Memorandum of Understanding (MoU)

Copies of MoU signed between 194 CPSEs and their respective Administrative Ministries were received by 31st May, 2011.

A meeting with Task Force Members and CSR (Corporate Social Responsibility) Heads of CPSEs was held to discuss CSR initiatives of CPSEs, DPE guidelines, evaluation etc. A meeting of the Core Committee to frame draft guidelines on Human Resource Management was held.

Format for grading CPSEs

The Department of Public Enterprises has developed the format for grading CPSEs on the basis of their compliance with Guidelines on Corporate Governance for CPSEs. This format has been developed in consultation with Management Development Institute, Gurgaon. Instructions have been issued to all administrative Ministries/Departments on 22.6.2011 requesting them to direct CPSEs under their administrative control to submit self-evaluation reports for the year 2010-11 onwards, which would enable such grading.

Snapshots

- Hindustan Prefeb Limited **upgraded** from Schedule 'D' to Schedule 'C'.
- Draft Cabinet Note on **grant of Maharatna status** to Bharat Heavy Electricals Limited and GAIL India Limited circulated for Inter-Ministerial consultations.
- Draft COS Note on **amendment in the criteria of persons to be considered for appointment** as non-official Directors on the Boards of CPSEs has been circulated for Inter-Ministerial consultations.
- DPE asks the Department of Expenditure to **review the guidelines relating to investment of surplus funds** of Central Public Sector Enterprises
- Guidelines issued by DPE prescribing the **format for reporting compliance/non-compliance** of DPE guidelines by CPSEs.
- Meeting of Committee of Officers held to consider the COS Note of DPE on Policy for acquisition of Raw Materials overseas by CPSEs.

Counselling, Retraining & Redeployment (CRR) Scheme

Secretary, PE chaired an interactive meeting on implementation of Counselling, Retraining & Redeployment (CRR) Scheme for separated employees of CPSEs. Agency wise performance in terms of achievement and redeployment was assessed in the meeting. Capability of individual agencies to undertake physical targets during the current year in respect of existing EACs and new EACs as proposed in the action plan, was also assessed.

SCOPE Workshop on “Excellence in Execution of CSR Projects in CPSEs”

Mandatory Provision of CSR Should be Extended to Private Sector

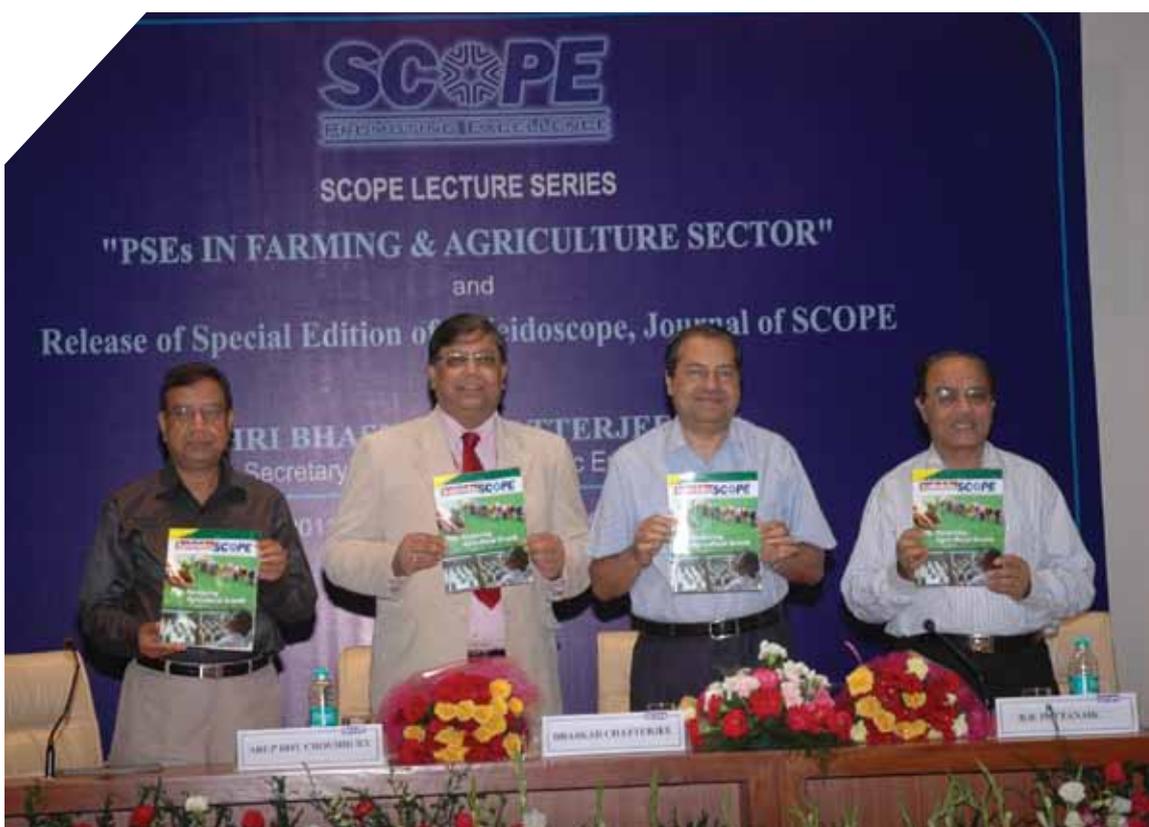
The apex body of Public Enterprises SCOPE, organized a two-day Workshop on “Excellence in Execution of CSR Projects” - Capacity Building Programme on July 28-29, 2011 at Hotel Le Meridien, Bengaluru in order to sensitize and update senior and middle level managers of Public Sector Enterprises (PSEs) on the contemporary global concepts and practices of CSR and to help them achieve excellence in execution of CSR Project.

Shri Bhaskar Chatterjee, IAS, Secretary, Department of Public Enterprises (DPE) inaugurated the Workshop and delivered the Keynote address. Dr U.D. Choubey, Director General, SCOPE delivered the Opening address while Prof C.V. Baxi, Programme Director and Former Director, MDI presented the programme perspective.

Shri Chatterjee, in his inaugural address said DPE has framed comprehensive Guidelines on CSR for the benefit of PSEs. SCOPE and DPE are working closely to bring in synergy. Ethics must guide CSR. PSEs have social responsibility for the development of the nation. The purpose of this workshop is to familiarize the PSEs on all aspects of preparing comprehensive CSR in each PSE. Every participant has to fully understand the CSR guidelines and come out with plans.

He also endorsed the view of SCOPE and DPE that CSR should be made mandatory to the Private Sector as well. Shri Chatterjee appreciated DG, SCOPE and his team for enhancing awareness in CSR implementation amongst PSEs. He also mentioned the ongoing Training cum Orientation Programme on CSR under the CSR Hub guided by TISS and other Academic Experts to help PSEs in effective implementation of their CSR projects.

Eight Technical Sessions were held during the two day Workshop. In the second session, Mr. Bhaskar Chatterjee made a presentation of the DPE Guidelines on CSR





implementation and clarified the doubts on various issues concerning implementation of CSR projects. Dr. B. Venkatesh Kumar, Head CSR, TISS Hub, apprised the delegates, with various activities being carried out by TISS in the area of CSR implementation. Shri Chatterjee along with Prof. C.V. Baxi and Mr. U.K. Dikshit also conducted group work sessions to deliberate upon and give recommendations on issues like selection of CSR projects, assessment of project cost, selection of implementing Agencies, monitoring and evaluation of CSR activities, CSR hub, documentation and dissemination.

Mr. Arup Roy Choudhury, Chairman, SCOPE & CMD NTPC Ltd. delivered the Valedictory Address in the concluding session. Mr. K.L. Dhingra, Vice Chairman, SCOPE & CMD, ITI, DG, SCOPE and Mr. Gotabaya Dasanayaka, Sr. Specialist on Employers' Activities, DWT for South Asia, ILO also addressed the participants while Prof. C.V. Baxi summed up the two-day proceedings. Mr. U.K. Dikshit delivered the concluding remarks and proposed the vote of thanks. The Programme was attended by over 80 senior executives from various PSEs.

Chairman, SCOPE Inaugurates Renovated SCOPE Auditorium



Mr. Arup Roy Choudhury, Chairman, SCOPE and CMD of Maharatna NTPC inaugurated the renovated SCOPE Auditorium on 25th July 2011 at SCOPE Convention Centre in the presence of Dr. U.D. Choubey, Director General, SCOPE, members of Maintenance Management Committee (MMO) and SCOPE employees.

During the SCOPE Lecture immediately after the inauguration, Mr. Bhaskar Chatterjee, IAS, Secretary, DPE and Chief Guest also appreciated the renovation work specially placing of "Public Sector Flag" and highly illuminated light fittings with laser lights in Auditorium.

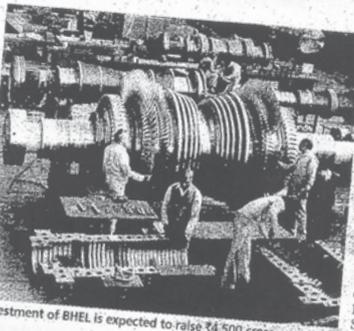
CABINET OKAY FOR BHEL DIVESTMENT NEXT WEEK

MANSI TANIA
New Delhi, 4 July

The Union cabinet is likely to approve disinvestment of five per cent of the government's equity in state-run equipment company Bharat Heavy Electricals Ltd (BHEL) next week. This is part of the government's plan to raise ₹40,000 crore from disinvestment in the current financial year.

"The Cabinet note has already been moved. The approval is likely to come by next week," a person close to the development said. The divestment of BHEL is expected to raise about ₹4,500 crore and the government's stake would then reduce to 62.72 per cent from the current 67.72 per cent.

BHEL's board of directors had recommended the five per



Divestment of BHEL is expected to raise ₹4,500 crore

cent divestment in May. About 10 per cent of the equity to be offloaded is to be reserved for employees. BHEL had also announced splitting of stocks of

has raised ₹1,162 crore through divestment, of a five per cent stake in Power Finance Corporation in May. Initially, BHEL was not originally part of the government's list for divestment in this year.

Oil and Natural Gas Corporation, Hindustan Copper, Hindustan Copper, Rashtriya Ispat Nigam Ltd and National Buildings Construction Corp are to also see divestment by the government in 2011-12. In 2010-11, the government had raised ₹22,400 crore through divestment in Coal India, SJVN, Power Grid, Engineers India, MOIL and Shipping Corporation of India.

For the year ended March 31, 2011, BHEL had recorded an increase of about 40 per cent in consolidated net profit, at ₹6,053 crore. The consolidated income grew 26 per cent to ₹43,675 crore in 2010-11.

DPE asks FinMin to make banks compete for PSU deposits

PTI NEW DELHI

PSU banks should be made to bid for surplus funds with the state-owned firms, rather than getting them through a common rate of interest, the Department of Public Enterprises (DPE) has said.

In a communication to the Finance Ministry, the DPE has written to the Finance Ministry arguing that these banks must compete among themselves for deposits of the PSU firms, which had a surplus of about ₹2.50 lakh crore at the end of March, 2010.

At present, the PSUs can choose bank of their choice but the interest rate offered would be the same, as the banks are not allowed to compete, despite the advantage to the PSUs. A minimum of 60 per cent



WE HAVE WRITTEN TO THE FINANCE MINISTRY THAT THERE SHOULD NOT BE COMPETITION AMONG BANKS WAS TAKEN AT A TIME WHEN THERE WAS AN ECONOMIC DOWNTURN AND WE DID NOT WANT OUR OWN BANKS COMPETING WITH EACH OTHER

DPE SECRETARY BHASKAR CHATTERJEE

"We have written to the Finance Ministry. The decision that there should not be competition among banks was taken at a time when there was an economic downturn and we did not want our own banks competing with each other," DPE Secretary Bhaskar Chatterjee told the news agency.

He said now that the downturn is behind the country, there should be competition among the banks for deposits.

"These companies have huge amounts and why the should not get the best returns for money they invest," he asked.

The current one-year rate for bank deposits among public sector banks is 9 per cent across the board for the PSUs' deposits.

the investible funds of the PSUs should be parked with the state-owned banks. Even 10-20 basis points

change in the interest rates offered would make a big difference to the earnings of large depositors like PSUs.

AI Broke Rules to Dole Out Incentives to Staff: CAG

ANINDYA UPADHYAY
MUMBAI

The national auditor has rebuked Air India for violating norms to dole out performance-linked incentives to its employees for many years despite being a loss-making entity and adding to financial stress.

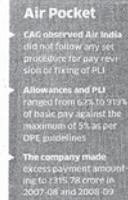
The Comptroller and Auditor General (CAG) observed that the national carrier did not follow any set procedure for payment or fixing of the performance-linked incentives (PLI).

Audit observed that allowances and PLI ranged from 62% to 91% of the basic pay against the maximum of 5% as per DPE guidelines.

The company made excessive payment amounting to ₹15.78 crore in 2007-08 and 2008-09.

23% lower if the airline paid salaries in line with its financial health and performance, the national auditor said in its report.

The national carrier has been running up huge losses since its merger with Indian Airlines in 2007. It had cumulative losses of more than ₹1,300 crore at the end of 2009-10 and it has ₹40,000 crore in debt. Its annual wage bill stands at ₹5,000 crore, which could have been ₹700 crore, or



Air India did not follow any set procedure for payment or fixing of the performance-linked incentives (PLI). Allowances and PLI ranged from 62% to 91% of the basic pay against the maximum of 5% as per DPE guidelines.

The company made excessive payment amounting to ₹15.78 crore in 2007-08 and 2008-09.

23% lower if the airline paid salaries in line with its financial health and performance, the national auditor said in its report.

The national carrier has been running up huge losses since its merger with Indian Airlines in 2007. It had cumulative losses of more than ₹1,300 crore at the end of 2009-10 and it has ₹40,000 crore in debt. Its annual wage bill stands at ₹5,000 crore, which could have been ₹700 crore, or

management has argued that these allowances had to be offered to control mass exodus of employees to private carriers, the auditor did not accept the reasoning. The company made excessive payment of allowances and PLI amounting to ₹15.78 crore in 2007-08 and 2008-09, it said.

The CAG also found Air India board guilty of increasing various allowances, including PLIs, by up to 50% from January 2006 even though the company depended on loans for working capital.

In its reply to the auditor's observations, the civil aviation ministry agreed that the lack of rationalisation of salary has impacted the efficiency and productivity of the airline. Air India is yet to harmonise the salary structure after the merger with Indian Airlines.

It formed a wage rationalisation committee under retired Supreme Court Judge Justice Dharmadhikari last month. Among other things, the committee will recommend ways to replace 14 agreements the airline has with its various workers unions with a single one. Jitendra Bhargava, a former Air employee, said the human resources department of the airline unnecessarily conceded to whatever the unions demanded. "Interestingly, V. Ferreira, who has facilitated the signing of multiple union agreements over the years, has been given a post retirement job by the management," he said.

Demand for aluminium in India will grow 13-15% in next five years

National Aluminium Company Limited (Nalco), the national PSU under the ministry of mines, has come up with impressive results for 2010-11. As per the audited financial results for the year, the company has posted a net profit of ₹1,009 crore, up 51% over the previous year's figure of ₹614.22 crore, and turnover of ₹5,909 crore, up 18% over the ₹5,054.72 crore achieved in the previous fiscal. During the year, the company has achieved the highest ever cast metal production of 488,297 tonnes and record volumes of 498,983 tonne. Beyond the aluminium sector, the company is now foraging into other metals and unconventional sources of energy as part of its non-ferrous director, Nalco, spoke to PTI's Dilip Biswas regarding the company's plans and prospects.



for de-bottlenecking of refinery stream and taken its third phase expansion.

What is the status of the Pottangi hauxite mines?

At 10 million tonne hauxite reserve in Pottangi near Nuwakot has been earmarked for Nalco. However, the Orissa government has included some riders in the allotment procedure, like setting up a special purpose vehicle (SPV) and asking Nalco to contribute 5% of its profit before tax and dividend (PBT) from mines and refinery activities or 10% per annum, whichever is higher. We are in the process of persuading the government to consider the institutional mechanism of CSR in periphery areas of our mines and refinery complex.

Besides aluminium, what are the areas you want to venture into in future?

Nalco has plans to set up power plants — thermal, hydro, nuclear and wind — as ITP and even ultra mega power project in Andhra Pradesh with a capacity of 90.4 MW. We have also planned to bid for UEMPs belonging to the block at Sundergarh in Orissa and Sarguja in Chhattisgarh.

How you are planning to finance these projects?

Being a cash-rich and debt-free PSU, Nalco has the liberty to take on these projects on its own without depending on any and green field projects will be funded by the company itself. Besides, the company will also raise funds from the market through debt and IPO route, if need be.

We understand that a Nalco foundation has been set up to augment the CSR activities...

Yes, Nalco has always tried to reach the people residing in the periphery of its units and extend support to enhance their standard of living. The company has comprehensively addressed the problems of rehabilitation of the displaced families with adequate compensation, housing and employment to the extent feasible. Creation of infrastructure in surrounding villages for communication, education, healthcare and drinking water gets priority in the company. Now, going a step further, the company has started a foundation for CSR activities and has doubled the CSR budget to 3% of its net profit. The focus would be livelihood-oriented projects apart from water, health and education.

What is the present status of the second phase expansion programme and brown-field projects?

Nalco has started the final commissioning of its last leg of expanded capacity under the second phase expansion programme. With the full fledged implementation of these expansion plans by the end of this month, the annual production capacities of the company shall reach 1.2 million tonnes, alumina production to 63 lakh tonnes, metal production to 4.4 lakh tonnes and power generation to 1200 MW. Thereafter, the company shall go in

What is your vision for Nalco?

My vision for Nalco is aligned with the company's wider vision, i.e. to be a regulated global company in the metals and energy sectors. We are targeting to achieve this position by attaining sustainable growth in business through diversification, innovation and a global competitive edge. We have carved a niche for ourselves in the global aluminium market. However, to offset the volatility of the international market, the company is also foraging into other metals and venturing into other sectors.

What is the global aluminium scenario?

Aluminium, one of the major industries in the base metal sector, is moving fast to become the metal of the future and to share the leading position with steel. As you know, pure unalloyed aluminium is the most sustainable material, the demand for aluminium is increasing across the globe and the future of the industry is bright. Rise in aluminium and its use in different countries and increasing demand for the metal in the prospect of growth for this industry.

Besides, rising prices for substitute metals such as zinc and copper, steel, etc. is a direct increase in demand for aluminium in the power, transportation and construction sectors. As things stand, global aluminium demand may rise by 4-5% annually in the next five years, while in India, the annual increase may be pegged at 13-15%. Besides, being a recyclable metal, the energy and carbon consumption efficiency of aluminium, when judged from its full life cycle, works out to be much better as compared to other metals.

How do you position Nalco in the global aluminium industry?

Nalco is considered to be a turning point in the history of the Indian aluminium industry in early stage of the

metal. In a major leap forward, the company has not only successfully addressed the need for self-sufficiency in a technological edge in producing this metals. We are exporting both world standard and aluminium to more than 15 countries. Our alumina refinery at Damanjodi is among the top ten in the world. With continuous thrust on quality and timely on-time delivery, the company enjoys the status of a premier trading house.

What is happening to Nalco's Indonesian project?

Aluminium extraction is a highly energy-intensive process in the early stages of the metal. Globally, aluminium smelters are shifting to the regions where energy is available at a competitive price. Availability of good quality coal in abundance in Indonesia offers such an opportunity to set up a smelter plant there.

With this consideration, Nalco is actively pursuing to set up a smelter and a thermal power plant in Indonesia. The location in East Kalimantan province. At present, it is working towards finalising the source of coal for the project. We have already set up an office there for this purpose.



Reach us at

Department of Public Enterprises, Block No. 14,
CGO Complex, Lodhi Road, New Delhi-110 003.

Fax Nos: 2436 2646, 2436 2613.

Email: newsletter.dpe@nic.in