

एन्टरप्राइज enterprise

DPE QUARTERLY NEWSLETTER



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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

This has been a busy quarter for the Department. New ties have been forged, new directions sought, a great deal of reflection and cogitation and consulting has been indulged in and we are ready to step out again with renewed vigour.

In this endeavour, we were encouraged and intensely motivated by the constructive review that was taken by our Hon'ble Minister, Shri Vilasrao Deshmukh on 28th Sept. He not only shared his concerns and perspectives with us, but also infused a new confidence and assurance in us with his pithy and cogent observations. We in the Department, have taken careful note of his views and expectations and will do our best to fulfill them. Our lead story carries detailed coverage of this meeting.

We began this quarter's activities with a giant leap towards furthering international cooperation with the signing of the MOU with the ICPE – the only public sector - oriented international institute in the world. Thereafter, we released our Guidelines on CSR for CPSEs. These have been received with a great deal of enthusiasm among the Public Sector fraternity. We continued our efforts to reach out to CPSEs and State Sector Enterprises across the country by holding regional workshops. In these conclaves, we focused on good practices of Corporate Governance, MIS, the intricacies of the MOU system and a host of other relevant issues.

As we go to press, we have just received a Commendation Letter from the Cabinet Secretary on our performance with reference to the Results Framework Document, lauding our outstanding achievements over the last quarter. We are justly proud; but let us save the celebrations for the next issue...

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Ministerial Review Meeting at the DPE

Shri Vilasrao Deshmukh, Hon'ble Minister (HI & PE) took a detailed review meeting on performance of the Department of Public Enterprises on the 28th of September, attended by senior officials of DPE including Secretary (DPE) and Secretary (BRPSE).

In his presentation Shri Chatterjee elucidated upon aspects of the functioning of DPE, clarifying that DPE was primarily involved in laying down policies for CPSEs in areas such as delegation of powers, pay revision, corporate governance, corporate social responsibility and performance management. He presented an overview of CPSEs including Maharatna/Navratna CPSEs; Memorandum of Understanding (MoU); Appointment of Functional and Non-official Directors in CPSEs; Public Enterprises Survey; State Level Public Enterprises (SLPEs); International Centre for Promotion of Enterprises (ICPE); Counselling, Retraining and

pertinent information on the qualifications and experience required by such appointees. He, citing examples made variable suggestions to this end, as a means of facilitating improved performance in PSEs.

A detailed overview of the activities of the Board for Reconstruction of Public Sector Enterprises (BRPSE) was given to Shri Deshmukh, wherein the total number of meetings and cases referred by the Board and the status of these recommendations were discussed. Results of the review by the Board; of the progress made by the Administrative Ministry in processing the recommendations of BRPSE and implementation of revival package approved by Government were also placed before the Hon'ble Minister. On the observation regarding delay in implementation of recommendations, Secretary, DPE stated that the proposal for formation of an Empowered Group of Ministers (EGoM) to expedite matters was most appropriate and has been strongly supported by the Department.

The Hon'ble Minister stressed on the need for development of mechanisms to assign responsibilities for non achievement of targets as per revival package and protection of employees' interest while exploring joint venture initiatives.



Shri.Vilasrao Deshmukh
Hon'ble Minister with
Shri. Bhaskar Chatterjee



Shri.Vilasrao
Deshmukh with
senior officers of DPE

Re-deployment (CRR) Scheme; Permanent Machinery of Arbitration (PMA); Corporate Social Responsibility (CSR); Board for Reconstruction of Public Sector Enterprises (BRPSE) and new initiatives taken by the Department.

The issue of selection of Functional Directors was discussed at length with the Minister seeking particular

Directives of Shri Vilasrao Deshmukh, Honorable Minister, (HI&PE) to DPE

- Steps should be taken to ensure that, as far as possible, Functional Directors on the Board of CPSEs have expertise in the domain areas relevant to the concerned CPSE. This would facilitate improvement in their performance.

- An Empowered Group of Ministers (EGoM) should be formed to facilitate expeditious decision making by the Government on recommendations of the BRPSE. This would avoid delays that render the packages recommended by the BRPSE inconsistent with the changed business and economic environment.

- BRPSE should consider present as well as the future business environment including competition from private sector both domestic and foreign while exploring various options for revival of sick and loss making CPSEs. In appropriate cases, the option of joint ventures with suitable private partner(s) could be explored to open up new avenues and opportunities. The interests of the workmen should however, be protected.

DPE signs MOU with ICPE Slovenia a country that holds 'Love' in its name

The Department of Public Enterprise signed a historic Memorandum of Understanding with the International Center for Promotion of Enterprise, Slovenia, on the 7th of July 2010, for collaboration in matters of Education, Research and Consultancy.

In an impressive ceremony at the SCOPE Complex, the luminaries of both the organisations met in the spirit of cooperation and collaboration, giving a flying start to the initiative. There was ample representation from government, public and diplomatic sectors, adding weight to the proceedings.

Welcoming the gathering, Smt Stuti Kacker, Secretary, BRPSE, conveyed the best wishes of Honorable Minister for Heavy Industries, Shri Vilas Rao Deshmukh, who was unable to attend the occasion. Ms Kacker also introduced the context of the long standing relationship between Slovenia and India and reiterated the historicity of the moment of signing of the MOU.

His Excellency, Janier Promos, Ambassador of Slovenia to India, painted a vibrant picture of Slovenia replete with images of a nation committed to both the effort at establishing itself firmly in the global scenario as a worthy contender in the field of economics, as well as the equal focus on maintaining its traditions and its reputation of being a warm-hearted nation. He also emphasized that Slovenia is already a force to contend with in the international scenario, as full member of the European Union, OECD and the UN. His Excellency

Promos expressed hope of increased participation among those involved in scientific research and academia in the dissemination of research and experience to the benefit of both countries. He ended his address with an open invitation to the gathering to

"Come and visit Slovenia-one of the few countries that holds 'Love' in its name!"

Janier Promos,
Ambassador of
Slovenia

Dr Stefan Bodgan Salej, Director General of ICPE emphasized the hard work put in by both the countries, over the period of the past 25 years, in order to achieve the place they both hold respectively in the international economy. He wished for increased opportunity to work towards the benefit of the people through a well thought out plan of action and the formation of a new dimension in the relationship between Slovenia and India, so that they may both be as successful in the next several decades to come. Dr Salej also endeared himself to all present with his sincere offer to 'work hard with enthusiasm' towards this end.

Dr Jozsef Gyorkos, State Secretary at the Ministry of Higher Education, Science and Technology, Slovenia, marked the signing of the MOU as a high point towards achieving the full potential of the ICPE and opined that the appointment of Dr Salej in 2008 and the subsequent

Delegates from Slovenia with Shri. Arun Yadav Hon'ble MOS (HI&PE) and Shri. Bhaskar Chatterjee



empowerment of the institution was cause for optimism. Stating his government's desire for horizontal cooperation across the fields of education, science and technology and the sharing of information and experience, he laid particular emphasis on the bilateral relations with India as the cornerstone for greater involvement of other members of the ICPE. Dr Gyorkos ended his address with the greetings of Minister Gregor Kurovich.

Speaking on behalf of the DPE, **Shri Bhaskar Chatterjee**, Secretary, lauded the landmark occasion. Tracing the long history of close interaction between the two countries, Shri Chatterjee said that the ICPE is a vital institution, instrumental in promoting governmental investment in the public sector for sustained economic growth. Stating the need for institutions dealing with the study of management of Public Enterprise nationally and internationally, he identified the ICPE as a unique opportunity to fulfill this niche requirement and reiterated the joint responsibility of both nations to strengthen and promote the Public Sector.

the goodwill, support and enthusiasm and would allow both economies to bloom and grow while making real progress.

Shri Arun Yadav, Honorable Minister of State of Heavy Industries and Public Enterprises expressed his pleasure on witnessing the historic signing. Speaking of the commitment of the ICPE in promoting sustained development of the Public Sector, he said that India in particular has benefited from the Institution's Executive Development Program. He appreciated the initiatives undertaken by DPE under the leadership of Shri Bhaskar Chatterjee (Secretary). Shri Yadav affirmed the economic, social and cultural similarities between the two countries and stressed India's determination to partner Slovenia in making the ICPE the best institution in the world.



Shri. Bhaskar Chatterjee and Dr. Stefan Bodgan Salej after signing of MoU documents in the benign presence of Hon'ble MOS & Dr. Jozsef Gyorkos.

Shri. Arun Yadav welcoming delegates of ICPE



'The great wave of privatization is over, it is the time for the PSEs to rise'.

Bhaskar Chatterjee,
Secy DPE

On the subject of the collaboration of the DPE with the ICPE, he (Shri. Chatterjee) opined that the former as it stands today would need to modernize and evolve with its new initiatives. Customizing the curriculum to suit the executives, including the new dimensions of requirements in terms of the goals that PSUs are required to achieve, would go a long way in increasing

Referring to the PSE as the major source of strength for the country's economy, **Shri Arup Roychoudhury**, Chairman SCOPE, gave a brief and succinct account of the range and reach of the public sector in India. Shri Roychoudhury drew attention to the fact that a full-fledged Management School for the executives of PSUs would be a huge step in the direction of consolidating efforts in HR. He asserted that the signing of the MOU would also benefit SCOPE as an institution.

The MOU was signed by Shri Bhaskar Chatterjee and Dr Salej in an atmosphere of bonhomie and cordiality amidst an appreciative audience.

National Workshop on CSR Guidelines: Challenges & Way Forward

A two-day workshop was conducted on the 9th and 10th of July 2010 in Puri, Orissa, to discuss the new guidelines for CSR in CPSEs (as issued by the DPE), especially with regard to the Challenges and Way Forward. Infused with most deliberative, explicit presentations and discussions, the workshop served both as a platform for dissemination of the new guidelines, as well as an outlet for various queries and clarifications with regard to the role, ambit and definition of CSR among the public enterprises. The workshop was further enriched by the participation of Task Force Members, who have been torch bearers and have made remarkable contributors in the field of CSR for a large number of years. The Workshop was organized due to the commitment of the Secretary DPE, Shri Bhaskar Chatterjee, to the cause of promotion and growth of CSR in the public sector.



Release of the "Guidelines on **Corporate Social Responsibility** for Central Public Sector Enterprises".

Shri Joy Varghese, Director (P&A), NALCO, in his address following Professor Ranjan Mahapatra's welcome address, stressed the need for participatory activities in the field, as it would be a method of encouraging ownership of the project by the people it is intended for.

Shri S. K. Chaturvedi, CMD, Power Grid Corporation of India Ltd. spoke of the effect of changing times and opined that no business could succeed without the involvement of the local people. He said that institutions cannot function as islands of prosperity. Shri Chaturvedi quoted the example of **Kautilya's Arthashastra** wherein it is mandated for a certain percentage of profit

of business and the state should be allocated for the developmental works of the society.

"We as institutions can't function as islands of prosperity. We have to carry our populations and surrounding area along with our projects to succeed in business"

Shri S. K. Chaturvedi,
CMD, PGCIL

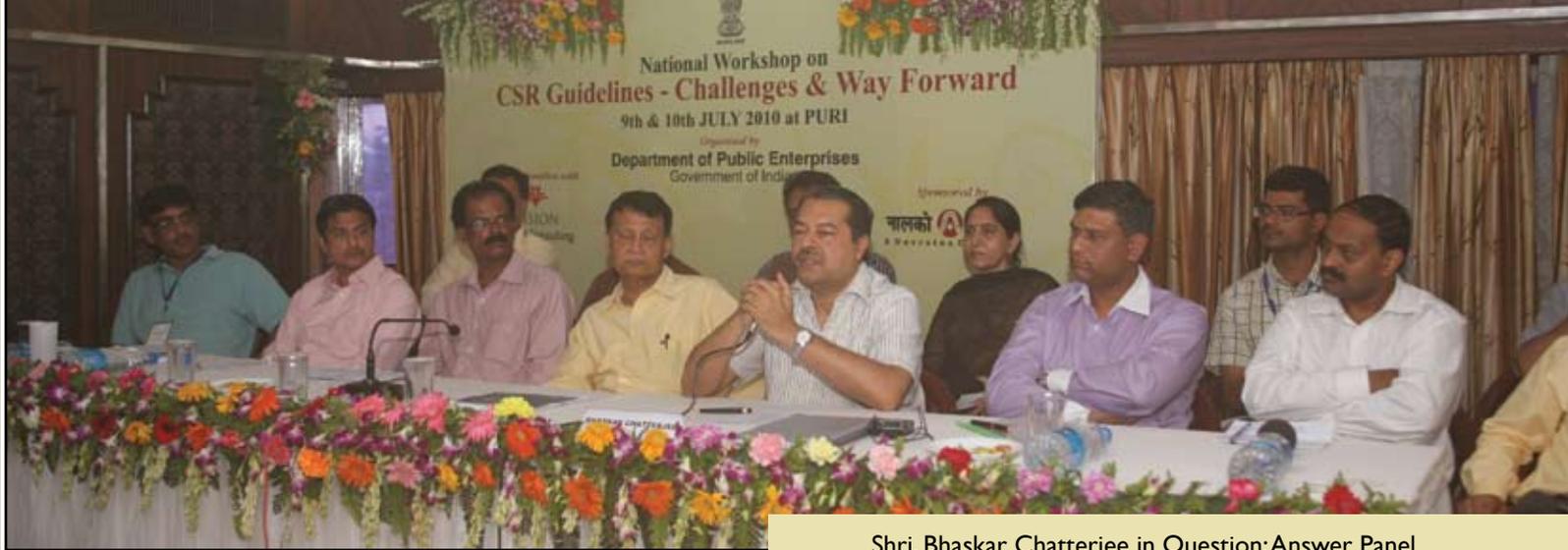
Shri Bhaskar Chatterjee made a cogent case for the focus on CSR. Identifying CSR as the point of connectivity where the company has an embedded policy within its business strategy, Shri Chatterjee reminded the gathering that the MOU evaluation had a percentage exclusively dependent on the execution of the CSR. The new guidelines were then released by him in the presence of the dignitaries and delegates from various PSEs.

The first technical session was led by a thought provoking presentation by Prof. Mahapatra – 'CSR-The Concept, Challenges and the Way Forward.' Enumerating the domains of CSR as inclusive of corporate governance and implementation, Prof Mahapatra identified the challenges as Comprehension of potential; Compliance Vs Potential Actualization; Formulation Vs Integrated CSR strategy; CSR project selection and engagement of an appropriate implementing agency. The main thrust of his discourse was that a well conceived and comprehensive plan would be easy to implement and had far greater chances of success than haphazard and grandiose plans.

"A comprehensive plan is always easily implementable."

Prof. Ranjan Mahapatra,
President, Vision Consulting

In response to queries, Shri Bhaskar Chatterjee emphasized, that CSR orientation was the key to meet the needs of the people and said that the companies were free to choose their area of function according to the ethos of the company and the felt needs of the community, with the only provision that they must be undertaken in a thoroughly professional manner with a well documented project, time line and result measurement methodology.



Shri. Bhaskar Chatterjee in Question:Answer Panel

Ms Stuti Kacker, Secretary BRPSE, gave a comprehensive presentation on the DPE CSR Guidelines, paying special attention what constitutes CSR and non CSR activities; the need to link all activities to the social and environmental framework of the areas that PSEs serve; the need to enthuse and inform employees regarding CSR activities and the crucial need for proper M&E procedures of all such interventions. Queries related to this presentation centred around the budgetary allocation and taxation implications. One of the pertinent questions was the possibility having an Independent Director for the CSR.

Shri SK Chaturvedi, CMD, PGCIL presented in detail the CSR activities undertaken by the PGCIL and outlined their 'Ashtabhujja'(eight armed) intervention process in the community. The fields of intervention were demarcated as Education and Self Employability; Health; Environment; Infrastructure; Heritage Preservation; Cultural Enhancement; Livelihood Support and Tribal Welfare. One of the high points of his presentation was that tribal youth were being trained in the laying of high voltage power towers which was directly linked to their employability in the plants of PGCIL of the locality. In his brief presentation **Prof. R.K. Mishra** emphasized the need for social relevance of a business and called CSR the face of the partnership that ensues.

Shri Satish Gupta, presented the CSR policies and activities of **GAIL**. Reiterating the company's views that CSR is the route to earning trust and goodwill and is the benchmark of success. Mr Gupta gave a concise overview of the GAIL activities in CSR covering areas of environment, healthcare, literacy enhancement and skill enhancement. GAIL'S CSR projects are implemented with the involvement of experts at every level with implementation of extremely stringent impact assessments. Summing up the session **Shri AB Chakraborty** of ONGC made particular note of the fact that the millennium development goals need to be the focus of all social interventions and in this the PSUs had a major role to play, given their significant presence in the role of influencer and provider to society, with the same reciprocated manifold by society to the company.

“CSR activities are the only tools that any organization has got to earn trust and goodwill”

Satish Gupta – GAIL

The second day saw another range of presentations made by the various institutions present, beginning with that of **SAIL**, presented by **Shri K Mukherjee** who showcased SAIL's unique concept of adopting villages

“There is an intrinsic partnership between an enterprise and society, so great importance needs to be given to social relevance of every business.”

Prof. R.K. Mishra,
Director, Institute of
Public Enterprise

Shri. Bhaskar Chatterjee addressing the delegates



in order to create model villages with a multi pronged approach to development encompassing all spheres ranging from education, to health and livelihood. The CSR interventions of TATA Steel were brought to the gathering by **Shri Rajesh Chintak**, who said CSR was not a philanthropic exercise but a serious, well thought out programme for the long term gains of society and that it had been built into each operation of TATA Steel as a matter of course. The Tata Council for Community Initiatives and the Tata Index of Human Development were identified as the key organs of the company that organized and evaluated all projects including the provision of precise indices and indicators before the design and implementation of any CSR activity is undertaken. **Shri A Mohapatra** elaborated in detail the many facets of ONGC's CSR network and activities. Asserting that all of the company's interventions began with a baseline survey and needs' assessment, Shri Mohapatra enumerated the steps to be followed for implementation of the proposed activity right up to third party assessments before closure. The final presentation was on the working of Swabhiman, an NGO working in disabilities, made by **Dr Shruti Mohan** who rued the fact that most people with the slightest disability were treated as if they were invisible to society. She also emphasized the need to converge efforts being made on their behalf so that the impact may be made stronger.



Dr. Shruti Mohan, Shri. Venkatesh Kumar and Shri. Bhaskar Chatterjee

The concluding session was chaired by Shri Bhaskar Chatterjee. The session was a panel discussion on the provisions, guidelines, evaluation and implementation of CSR, with all the participants and distinguished panelists, answering queries, settling doubts and clarifying points of the CSR document so as to promote full and complete understanding of the content. The vote of thanks proposed by Ms Stuti Kacker, brought to a close an scintillating and invigorating two days of deliberation.

Furthering Regional Workshops for State Level Public Sector Enterprise

Shri. R.S. Sharma and Shri. Bhaskar Chatterjee



Two workshops of State Level Public Enterprises (SLPEs) of Northern & Central and North Eastern Regions were held in this quarter in Dehradun and Gauhati and Shillong respectively. Representatives of State Governments of Uttar Pradesh, Uttarakhand, Madhya Pradesh, Chhattisgarh, Assam and Meghalaya, along with representatives from SLPEs of these States participated in the workshops.

The workshop for the North Central States was a two day session held in Dehradun, under the hospitality of ONGC and covered issues relating to Management Information System. Some of the issues raised and resolved were Lack of enthusiasm among State Level Enterprises for collection and compilation of data related to SLPEs; Reluctance to get involved in the process of reporting online, despite having received the password for the State MIS and the Exploration of the possibility of setting up a separate cell Public Enterprise to administer the

in these States. Another concern expressed by most of the gathering was the fact that a large number of the SLPEs have not prepared their Balance Sheets for several years, thereby making it difficult to implement the MIS guidelines of the DPE;

“Having a dedicated cell in the Department of Industry, to coordinate the public sector in the states should be a pre-requisite! It is vital for the sector’s growth to have a robust, reliable, real-time data base system!”.

Shri RS Sharma,
CMD, ONGC

on Corporate Social Responsibility (CSR), discussions centered around the fact that CSR activities must be specific projects with specific budgets and specific timelines for which a core functional CSR team should be in place to oversee CSR activities. DPE would set up a CSR Hub to monitor and facilitate CSR activities. Detailed discussions were also held on which activities did and did not constitute CSR.

“If we can create a change and improve living standards as part of our collective social responsibility, we will be able to mitigate hunger and anger”

Bhaskar Chatterjee,
Secy DPE

Memorandum of Understanding (MoU) issues ranged from that of desirability of section 25 companies falling under the MOU ambit; the role of superiors and supervisors in defining roles and performances; to DPE’s role in making adoption of MOU system compulsory for the SLPEs;

“Transformation in this regard (MOU) is not about to happen-it is happening! So if you do not change and bring your organizations on board, you will find you self having to wind up!”

Bhaskar Chatterjee,
Secy DPE

for **Corporate Governance**, the common issues were that of fund availability from the State Governments, the role of Independent Directors; the extent to which implementation would democratize the sector and the current status of lack of accountability and commitment among Board Members. During the lively discussions over

two days, the nitty-gritties of the guidelines, their possible implementation and repercussions, subsequent plans to hold State level workshops with the participation of State level officials and representation from Government were also discussed. The Secretary, Shri Chatterjee, made candid, practical and relevant suggestions on all issues and in the course of the workshops, also handed over the pass-word key for the MIS systems to Shri Devendra Singh, state coordinator of Chhattisgarh.

At the request of Government of Assam a three member team led by Dr. Sharat Kumar visited Guwahati in September, 2010. The workshop at Guwahati saw the participation of all the Secretaries of the different



Shri. Bhaskar Chatterjee
and Shri. Devendra Singh

Dr. Sharat Kumar
Economic Advisor,
DPE

Departments of Government of Assam, and the CEOs of all the operating SLPEs. Shri Sharat Kumar, Economic Adviser, DPE made two presentations on the main themes of (a) the Management Information System (MIS) on SLPEs and (b) the Model MoU for SLPEs. Senior officials of Oil India Ltd. and Numaligharh Refinery also addressed the gathering. This was followed by the Orientation Programme on MIS for the CEOs / Managers of SLPEs. The workshop at Shillong, similarly, had participation of most of the SLPEs operating in Meghalaya. Here too the discussion centred around these two main themes and considerable interest was shown by the participants on both.

One-day National Workshop on CSR Guidelines

On the 10th of August 2010, DPE along with the Central Warehousing Corporation hosted a one day workshop on Corporate Social Responsibility and invited participation of Corporates and NGOs. The well attended workshop served to clarify a large number of queries and gaps in understanding the parameters of CSR, as it applies to the public sector.

Opening the workshop with a warm welcome, **Shri BB Pattnaik**, MD CWC, expressed his gratitude for the opportunity to be a part of the CSR Movement. Speaking of the complexity of socio-economic development, Shri Pattnaik called upon the PSUs to take appropriate action towards sharing profits with society and said that the CSR initiatives would be the path for this.

Shri Bhaskar Chatterjee Secretary DPE, said that the workshop was part of the series scheduled to be held across the country on the subject of CSR. Speaking of the need for direction and leadership in CSR activities, he said that the guidelines had been formulated in order to ignite the rocket of leadership and to unleash nascent and incipient forces. Emphasizing that CSR is not a one-time discharge of responsibility but a continuous process that allows interaction between corporate and society to grow. He cautioned those present against the 'moral high ground' feeling experienced with a one-time donation to some cause or the other. Corporates and NGOs need convergence and synergy in their activities, which is why a well defined, time bound policy is required that has clear milestones and linkages. The current emphasis of CSR is on sustainable development, skill enhancement and employment generation through co-creation of values with local institutions and people so that the entire area benefits. According to Shri Chatterjee, CSR is most effective if the 'trinerger' of Government, Corporate and NGOs is brought into play for the activities.

"The CSR guidelines are not holy sacraments, not the Ten Commandments, but an instrument to use-to make the mission of CSR one to be proud of!"

Bhaskar Chatterjee,
Secy DPE

Smt Stuti Kacker, Secretary, BRPSE, made a crisp and precise presentation on CSR guidelines. Leading into the discussion, Smt Kacker said that despite large investments in CSR activities to commensurate credit has not accrued to the companies. CSR must be seen as a means of bridging gaps and building bonds, where both company and community come away with the feeling of having benefitted. Smt Stuti Kacker made a point of emphasizing that implementation needs to be done through specialized agencies used to dealing with human behaviours as this is not the core area of expertise of corporates. Ms Kacker also stressed the need for transparency and inclusion of PSE staff to infuse a sense of participation and ownership of the activity among them. Cautioning the gathering against 'self evaluation', Ms Kacker clarified the need for external monitoring and evaluation of CSR activities.

Shri. B. B. Pattanaik and Shri. Bhaskar Chatterjee



Shri. Bhaskar Chatterjee addressing delegates



Ms Kacker mentioned the need for a base-line survey and assessment before embarking upon any CSR project and spoke of the proposed CSR Hub as the ideal friend, philosopher and guide for PSEs.

Often PSEs are isolated from local communities-CSR is a valuable opportunity for bond building.

Stuti Kacker,
Secretary BRPSE

Shri Chatterjee stated that Ministry of Corporate affairs had introduced guidelines on CSR for the private sector also. Shri Chatterjee gave comprehensive information on the formation, function and accessibility of the CSR Hub and also clarified that in order to make CSR a cognizable force, it had been mandated into the marking of the MOU, thereby leaving the organisations with no choice but to comply with the guidelines. Shri Chatterjee said that interventions in culture and heritage should be linked to the ethos of the company to derive benefits for all concerned.

A neat presentation was made on the CSR initiatives of the **Central Warehousing Corporation**, it detailed the broad areas of fulfillment of social obligations like support to farmers in the areas of pricing and storage, facilitation for seeking funding from banks, technology up-gradation, trainings etc. The next presentation was on the **GAIL** experience of CSR, made by Shri SV Joshi, ED CSR and Corporate Communication. The clarity in the execution of activities, the focused goals, the immensely measurable outcomes and the transparency in the entire process made it an ideal example of what CSR is meant to be. The highlights were clear demarcation of areas of intervention and percentage of funds to be assigned to each, the tie-ups with external agencies qualified to implement the CSR tasks through MOUs, a detailed process flowchart with timelines and a summary of some of the most outstanding projects that have received success in the. Secretary DPE especially lauded the clear methodology of achieving the stated goals and the exhaustive documentation of the activities engaged in by GAIL. He also mentioned the excellent use of the PPP method of participation.

The **Coal India** presentation by **Shri MB Aparajit**, Manager Personnel and Public Information Officer, brought forth the problem of interpretation of CSR by different companies. Despite a large amount of funds having been spent in social activity by the company, CIL had not identified the interventions according to the guidelines and as such, most of the activities engaged in could not be accounted for CSR gradation of the MOU. In response to queries on the formation of relief funds/projects within the company, Shri Chatterjee said



Question and Answer session



that activities from concept to execution of calamity relief would count as CSR, but contribution to other funds would not. Shri Chatterjee concluded with the remark that CSR was about activities, projects, jobs executed and responsibilities discharged. He exhorted the participating organisations to ensure a 'cascading' effect in the dissemination of the information and the guidelines provided by the DPE.

“Adopt a village, engage an agency..... use the best available talent and make your activity a statement that remains as a symbol of that effort!”

Bhaskar Chatterjee,
Secy DPE

Smt Stuti Kacker brought the workshop to a close with a vote of thanks and an observation on the need for inclusiveness in all CSR activities to achieve the turnaround of the image of rural India, emphasizing upon the combined learning of CPSEs and NGOs together form a formidable cache of knowledge to draw from.

Secretary, DPE Reviews CRR Scheme in West Bengal

The National School of Computer Education, a nodal agency for CRR, coordinated the arrangements at Kolkata, for review by the Secretary, DPE, of the implementation of the Counseling, Retaining and the Redeployment Scheme by Nodal Agencies operating in West Bengal. Representatives of all the three nodal agencies- Academy Suburbia, Indian Council of Small Industries (ICSI) and National School of Computer Education (NSCE) were present. Also present were VRS optees and dependents, who were re-trained and subsequently re-deployed. Presentations on the activities conducted were made by all the nodal agencies.

NSCE's report contained information on the Placement Cell, assessment of re-trained personnel, and the redeployment rate (which has been commendable in the case of employees from North East). ICSI had a number of suggestions with regard to the implementation of the CRR, among them being that the evaluation of the agencies be conducted by reputed rating agencies and the revamping of the current scheme to reduce the time lapse between the date of VRS and retraining.

In his address, Shri Bhaskar Chatterjee expressed his belief that the immense presence of CPSEs in West Bengal made it the ideal launching pad for the review. Shri Chatterjee elaborated upon the CRR scheme and emphasized the need for assessing the impact of CRR which is DPE's major plan scheme. Seeking suggestions for the betterment of CRR and ways of increasing the reach of the scheme, Shri Chatterjee invited the beneficiaries to share experiences and put forward suggestions.

Issues raised by the beneficiaries included the difficulties of starting up new ventures with limited funds, the time lapse in transferring of loan funds, the positive aspect of the computer skills training and other finer skills such as zari work, thermocol molding, video recording etc. There were several cases of successful CRR interventions which gave impetus to the inclusion of dependents in the CRR scheme.

Summing up, Secretary DPE assured the gathering that suggestions would be considered and emphasized the quality of training as the focus of DPE's CRR scheme. He also said that newer avenues for training could be explored in keeping with market requirements. The review meeting ended on a positive note with renewed determination expressed by the agencies to work on the scheme with sustained commitment.



Public Sector Enterprises Showcase their Management Systems

A one-day workshop on performance management systems was organized by the DPE along with the PGCIL, in Gurgaon. Attended by about hundred representatives of various Navratna and Maharatna companies, the workshop saw ten companies present details of their PMS. After a warm welcome by **Shri V.M. Kaul – CGM – HR PGCIL**, **Dr. U.D. Choubey – DG SCOPE** in

his address, said that it was high time for PSUs to adopt a robust and scientific approach towards Performance Management. Stressing upon the need for clear methods of performance improvement, Dr Choubey also linked the PMS to the MoUs signed by the PSUs and opined that this was a major boost to the management acumen of companies.

“Gone are the days when the management of PSUs was synonymous with lethargic and dormant approach towards the current happenings in the country. Today, PSEs are a force to reckon with”!

Dr. U.D. Choubey
DG SCOPE

Shri. Rajendra Kumar, Director DPE, emphasized the need for transparency in the PMS adopted by the CPSEs and underlined four major focus areas identified by the DPE as Transparency of the PMS system, Sound measurement of performances of the executives, Identifying 10% of total number of executives under poor and non-performing category for no PRP and Formulation of the Remuneration Committee headed by an Independent Director to oversee PMS. **Shri Bhaskar Chatterjee** thanked PGCIL for helping in organizing the workshop . He spoke briefly of the need to clarify funds available to cash company for disbursement of PRP(Performance Related Pay)and stressed the importance of the ‘bell curve’ for the “good health” of the PSUs.

“Performance of the management has to be at par with the corporate and that can be achieved only through a stringent adoption of robust PMS. So identify your ‘bad apples’ and remove them!”

Bhaskar Chatterjee
Secy DPE

In his crisp presentation on behalf of the **PGCIL**, **Shri. Kaul** briefly outlined various features of the company’s system, highlighting the fact that the calculation of pay is not only based on current performance, but also on potential of an executive, a novel concept.

Shri. Bhaskar Chatterjee and Shri. V. M. Kaul



Shri. Bhaskar Chatterjee with delegates

All the presentations have been uploaded on to the DPE website: www.dpe.nic.in. Some of the observations made during the workshop are as follows:

■ Rajeev Chandra-ED IRCON stated that PRP of the Executives on deputation to CPSEs, from various Gol departments needs to be discussed. The other participants also agreed that such deputationists should be entitled for the PRP.

■ A section of the group observed that there was a vast difference between the PBT of various CPSEs and hence PRPs for the same levels of executives, was not good. However, they could not suggest any suitable solution on this issue.

■ A number of presenters raised concerns about identifying the bottom 10% Executives and said that it might affect their organizations adversely. However, during discussions (on this point), a majority of the participants felt that although it was a tough decision, it would be a good one in the long run.

■ Secretary, DPE observed that the PMS and PRP will ultimately pave way for a system in which every organization will be at liberty to decide upon the amount of money it wanted to share with its employees and will have the discretion to decide whether or not to pay any incentives. That day all organizations will have a level playing field and our CPSEs would emerge as market leaders.

The recommendations of the PMS workshop in Gurgaon can be summed up as follows:

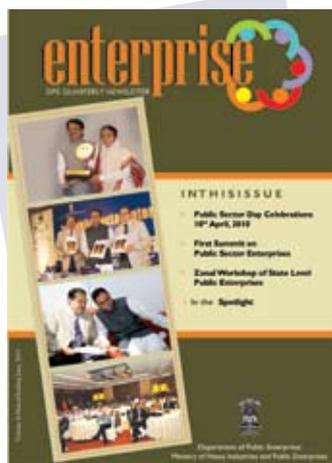
■ 10% of the Executives & Non-Unionized Supervisors should necessarily be graded as ‘poor’ and not entitled for PRP.

■ Not more than 15% of Executives should be graded ‘outstanding’.

■ MoU Task Force to closely scrutinize for the year, the adoption of the ‘Bell Curve Approach’ and other parameters stated in DPE O.Ms.

■ Non-performer or poor performer to be given only one chance to improve the relevant performance and if they do not improve then they may leave the organization.

DPE Launches 'ENTERPRISE'



Release of the Newsletter "Enterprise" by Shri. C Phunsog, Chairman PSEB.

The flagship newsletter of the Department of Public Enterprise, aptly christened 'Enterprise' by the Secretary, was launched amidst fanfare and celebrations on the 3rd of August at the SCOPE complex. Shri C Phunsog, Chairman PESB was the Chief Guest on the occasion with Dr UD Choubey, DG SCOPE as the guest of honor. Shri Bhaskar Chatterjee presided over the function and Smt Stuti Kacker led the proceedings.

Dr Choubey conveyed his heartiest congratulations to the Secretary DPE on this initiative and stated that the launch of the newsletter was proof of the understanding that, information needs to be shared for the growth of the sector. Mentioning the newsletter of SCOPE, 'Kaleidoscope', Dr Choubey expressed his faith that Enterprise would become an essential resource in the hands of all the PSEs. Stressing the need for a combined data bank of information, especially on all innovative initiatives between the DPE, the PESB and SCOPE, he further offered all assistance required from SCOPE in the collation of matter and news.

Secretary Shri Bhaskar Chatterjee spoke of the gestation period through which the initiative had passed in order to see the light of day, explaining the various administrative processes that have to be taken into account for any such effort. Shri Chatterjee spoke highly of Dr Choubey's influence that has endowed the SCOPE magazine 'Kaleidoscope' with its multi-dimensional flavor. Shri Chatterjee spoke of the quest for the name of DPE's newsletter and explained the choice of the word 'Enterprise' as the most appropriate in terms of its nuances covering the entire spectrum of feeling and the shades of courage, zeal, enthusiasm and intrepidity.

Shri Chatterjee expressed his view that the newsletter should reflect the challenges of the economic downturn and how the PSUs met it. He spoke of the unshakeable spirit demonstrated by the sector that bolstered the country's economy at the time of international crisis. Alluding to newer initiatives such as the MOU Awards and the Public Sector Day celebrations, Shri Chatterjee said that the newsletter would celebrate the essence of the Public Sector, its ethos and promise. Reiterating the fact that the making of the newsletter would be an exercise in collaboration between the various arms of SCOPE, PESB, BRPSE and the DPE he promised to produce something worthy for the reader both domestic and foreign.

Speaking on behalf of Purple Communications, Ms Swagata Sen Pillai expressed gratitude for the confidence reposed in the agency by the Department and the inclusive nature of all discussions and decisions with regard to the newsletter. Asserting that the opportunity to be a part of the proceedings aided greatly in presenting the true view point of the client, Ms Pillai thanked Shri Chatterjee and the team that had worked in the process of production and publication and hoped for a continuum of the same atmosphere of free and open communication and dissemination of information.

In his address, Shri Phunsog emphasized upon the role that media has to play in growing visibility of the sector, and opined that success stories, services and social orientation of the 'socio-economic' PSU workhorses that comprise it, should be made public knowledge. He too spoke of the resilience of the Indian economy and the role played by the public sector in ensuring this.

He said that the sustained rate of growth of the Indian economy has sky-rocketed the India's image in the world and expressed his belief that the newsletter from the DPE would be effective in driving the brand image of the Public Sector and wished the initiative Godspeed.

The newsletter was launched by Shri Phunsog and Dr Choubey along with Shri Bhaskar Chatterjee.

Ms Stuti Kacker brought the ceremony to a graceful close by requesting contributions from all sources, so that the newsletter may become an instrument of sharing, interacting and communication.



Delegates with Newsletter 'Enterprise'

SCOPE During the Last Quarter

SCOPE has had a busy quarter with a large number of initiatives and activities taking place under its aegis. Some of the highlights were as follows:

A two-day workshop inaugurated by Shri UD Choubey and addressed by Shri Rajkumar S Adukia, member of the Central Council of the ICAI, was held by SCOPE to facilitate the convergence of PSE accounting systems with that of the IFRS so that fair value assessment of their liabilities, profits and assets could be arrived at in a transparent way.

In a SCOPE lecture on 'Challenges & Vision for Oil & Gas Sector in India' by Dr Kirit Parikh, the need to deregulate Oil and Gas prices and to diversify energy sources in order to meet the gap between production and consumption, was stressed upon new initiatives as such reforms were 'crucial' for economy to develop.

SCOPE also organized an interactive session between 40 CEOs and top management personnel and Mr Sumit Bose, Secretary, Ministry of Disinvestment, in order to facilitate the disinvestment process, expose the hidden worth of PSEs and improve post-disinvestment relations with the investors.

A conference was also organized in association with the IOCL, Oil India and EIL along with knowledge

partners Hay Group and ESOP Direct on the 'Employee Stock option Plan'.

In accordance with the CSR thrust of the DPE, SCOPE too organized an interactive session on the subject to address issues and concerns relating to smooth implementation of CSR Guidelines by CPSEs. An offshoot of the discussions was the decision by SCOPE to prepare a draft policy on HIV for implementation by the PSEs.

Bridge & Roof and BPCL Gets Miniratna Status

Bharat Pumps and Compressors Ltd. and Bridge & Roof Company (India) Ltd. had been given revival package on recommendation of BRPSE on 7th December 2006 and 25th August 2005 respectively. After implementation, both CPSEs are showing profit consecutively for more than 3 years and have been granted Miniratna status. Congratulation to Shri A. K. Jain, CMD, BPCL and Shri Mukesh Jha, CMD, B&R.

Board for Reconstruction of Public Sector Enterprises (BRPSE)

During the period from July to Sept 2010, the Board for Reconstruction of Public Sector Enterprises has given its recommendation for revival of **Scooters India Ltd. through Joint venture** and **British India Corporation Ltd. through a revival package of Rs.422.84 crores.**

The Board has reviewed the implementation of approval of the Government in respect of 5 CPSEs namely the Bharat Heavy Plates & Vessels Ltd., revival through takeover by BHEL and a financial package of Rs.665.61 crores from GOI, (ii) Central Inland Water Transport Corporation Ltd. revival through Joint venture/disinvestment with a financial restructuring package of Rs.353.60 crores from GOI, (iii) Eastern Coalfields Ltd. revival through a revival

package of Rs.2470.77crores and waiver of service charges of Rs.14 crores per annum from 2004-05 from Coal India Ltd, (iv) **Instrumentation Ltd.** revival through, a revival package of Rs.597.72 crores, and (v) **Bharat Refractories Ltd.**(renamed as SAIL Refractory Unit) revival through takeover by SAIL and a financial package of Rs.479.16 crores from GOI.

The Board had reviewed the progress in processing the recommendation of BRPSE for seeking approval of the competent authority in respect of 2 CPSEs namely (i) **Hoogly Dock & Port Engineers Ltd.** and (ii) **Indian Drugs & Pharmaceuticals Ltd.** (IDPL) and its two subsidiaries during this period.

The Board till now has recommended revival of 59 CPSE.

Departmental News

Activities related to 'Hindi Week'

लोक उद्यम विभाग में प्रत्येक वर्ष हिन्दी दिवस/हिन्दी पखवाड़े का आयोजन किया जाता है। इसी क्रम में इस वर्ष 16-30 सितम्बर 2010 तक हिन्दी पखवाड़े का आयोजन किया गया। उक्त हिन्दी पखवाड़े के दौरान हिन्दी निबन्ध, हिन्दी श्रुत-लेखन, वाद-विवाद एवं हिन्दी टंकन (कम्प्यूटर पर) प्रतियोगिताएं आयोजित की गयीं।

Transfers and Appointments

Dr Rakesh Sarwal JS, IAS (MT: 88), in DPE has been appointed JS in the Department of AYUSH on lateral transfer basis

Shri AK Sinha, IAS (UP: 83), has been appointed as Joint Secretary in the DPE and has since proceeded on long leave effective from 2nd August to 30th November 2010.

Smt Rachna Chopra has joined as Joint Adviser in DPE w.e.f. 25th August, 2010 after encadrement of the post into the Indian Cost and Account Services.

Shri Gurdev Singh Basran has been appointed as a Director in DPE effective 21st September 2010. **Shri Pradip Ray** has joined DPE, in a first time encadred post of Assistant Director in the Indian Statistical Service, from the 1st of September 2010.

Shri KN Mohadikar has been appointed as Principal Private Secretary to Secretary BRPSE

Planning Commission Hosts Experts' Committee on Reforms in CPSEs

The Planning Commission is the host to the Experts' Committee on Reforms in the Central Public Sector Enterprises. The committee has a defined set of exhaustive terms of reference on the issues facing the CPSEs Under the Chairmanship of Shri SK Roongta it will attempt, over the next six months, to define directions and create an enabling environment for the sector to achieve its potential.

The first meeting of the Committee debated on some of the issues defined under the TORs and these included concerns on the attraction and retention of talent, autonomy of the executive boards of the CPSEs, the ratio and destiny of the non-functioning and ailing enterprises, benchmarking of the performance of the sector against national and international standards, succession planning in the enterprises and disclosure of matter pertaining to the organization to individual and directors on deputation from the government.

The members of the committee present for the meeting had a detailed and exhaustive discussion on these issues and several decisions were taken on the modalities of addressing the TORs and suggestions towards the achievement of this task were tabled by all the members and future course of action to be taken.

Upgradation of CPSEs to Higher Schedule & Grant of pay on personal basis

Schedule of three CPSEs were changed, Karnataka Antibiotics & Pharmaceuticals Limited (KAPL)-upgraded from Schedule 'D' to Schedule 'C', THDC India Limited- upgraded from Schedule 'B' to Schedule 'A' and National Handloom Development Corporation Limited (NHDC) - upgraded from Schedule 'C' to Schedule 'B', while Shri K. Harikumar, CMD, Hindustan Insecticides Limited (HIL) was granted Schedule 'B' scale of pay on personal basis.

DPE Outsources Activities on Performance of CPSEs

The Department has awarded the work relating to

- i. Criteria for Maharatna, Navratna, Miniratna status
- ii. Monitoring of compliance of CPSEs with guidelines on Corporate Governance.
- iii. Review of principles of Categrisation
- iv. Improvement in MoU system to Management Development Institute, Gurgaon.

The work relating to Professionalization of Management of CPSEs has been awarded to Hewitt Associates.

The final reports are expected by 31st December, 2010.

Ruling of the Anomalies' Committee

Shipping Corporation of India (SCI) Ltd. raised certain issues forwarded by the administrative Ministry of Shipping to the DPE for clarification. The three issues under discussion viz self lease, medical expenditure and encashment of leave were placed before the Anomalies Committee. Based on the recommendations fo the committee the DPE has issued clarifications to the Ministry on each of these issues.

Reclassification of CPSEs for MoU exercise 2011-12:

An OM has been issued by the DPE to reclassify CPSEs into 11 new functional groups, including two new groups sick and loss making and section 25 companies in order to facilitate homogeneity and comparability within the group

Department-Related Parliamentary Standing Committee on Industry

The Department-related Parliamentary Standing Committee on Industry met on 11.8.2010 to discuss "Professionalisation of Board of Directors of Rashtriya Ispat Nigam Limited (RINL) and its Role in Promotion of Ministry of Small and Medium Enterprises (MSME) Sector Units Which Use Steel as Raw Material for Their End Products".

Guidelines for Research & Development and Sustainable Development:

Two core groups have been formed under Shri Somnath Ghosh CMD, National Research Development Corporation and Ms Seema Arora Principal Counsellor and Head, CII-ITC Centre of Excellence for Sustainable Development to deliberate, suggest modalities and help formulate guidelines for Research & Development and Sustainable Development both mandated as compulsory elements in the MOU, along the same lines as the guidelines for CSR created by the DPE. The core groups have held initial meetings and guidelines are likely to be issued at the beginning of the next quarter. 117 CPSEs have submitted their performance self-evaluation reports for the year 2009-10 by the stipulated date prescribed in the MoU guidelines.

BRPSE News:

- BRPSE, inter alia recommended the revival package of
- Scooter India Ltd. through Joint Venture.
- British India Corporation as a CPSE through package of ₹ 422.84 crore.

Selection of Non-Official Directors on the Boards of CPSEs:

The Search Committee met in July and August in order to consider the proposals for appointment of Non Official Directors on the Board of several Navaratna and Miniratna Companies including HPCL, BPCL, HAL, GRSEL, GSL, MDL, HLL Lifecare Ltd, Hindustan Copper Ltd, PGCIL, MSTCL, Manganese Ore India Ltd & NMDC Ltd, followed by Mishra Dhatu Nigam Ltd, BEML, SCI, PFCL, BHEL, EPIL and NFL. The proposals for appointment of Non Official Directors in consultation with the PSEB were also finalised for the following companies-ECIL, Scooters India Ltd, BPCL, TCIL, India Rare Earths Ltd, NTC Ltd and NPCC ltd, followed by Mumbai Rail Vikas Corporation, HSCL, IRFCL, Konkan Railway Company, CCIL and DFCIL.

Anomalies Committee Clarification:

Based on the Anomalies Committee recommendations, DPE issued a clarification to the Ministry of Shipping on issues regarding lease accommodation, medical expenditure and encashment of leave.



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