

## OVERVIEW ON PERFORMANCE OF CENTRAL PUBLIC SECTOR ENTERPRISES (2004-05)

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### Scope

1.1 The practice of conducting Public Enterprises (PE) Survey was started with the P.E. Survey for the year 1960-61. The Survey covers the Central Public Sector Enterprises (CPSEs) established by the Government of India as Government Companies under the Companies Act or as Statutory Corporations under specific statutes of Parliament. Of the Government Companies (defined under section 617 of the Companies Act, 1956), this Survey covers only those companies in which Central Government holding in paid up share capital is more than fifty percent and also the subsidiaries of such companies. However, the Survey does not include commercial banks and financial institutions.

### Background

1.2 In 1947, when the country became independent there were various socio-economic problems confronting the country, which needed to be dealt with in a planned and systematic manner. India at that time was an agrarian economy with a weak industrial base, low level of savings, inadequate investment and lack of infrastructural facilities. There existed considerable inequalities in income and levels of employment, glaring regional imbalances in economic development and lack of trained manpower. As such, State's intervention in all the sectors of the economy was inevitable since private sector neither had the necessary resources, the managerial and scientific skill, nor the will to undertake

risks associated with large long-gestation investments. Among the imperatives before the Government were the removal of poverty, equitable distribution of income, generation of employment opportunities, removal of regional imbalances, accelerated growth of agricultural and industrial production, better utilisation of natural resources and a wider ownership of economic power to prevent its concentration in a few hands. Given the type and range of problems faced by the country on the economic, social and strategic fronts, it became a pragmatic compulsion to use the public sector as an instrument for self-reliant economic growth.

1.2.1 The dominant consideration for the continued large investments in public sector enterprises was to accelerate the growth of core sectors of economy; to serve the equipment needs of strategically important sectors like Railways, Telecommunications, Nuclear Power, Defence, etc.; and to provide a springboard for the economy to achieve a significant degree of self-sufficiency in the critical sectors. The rationale for setting up public enterprises was to ensure easier availability of vital articles of mass consumption, to introduce check on prices of important products or help promote emerging areas like tourism, etc. A large number of enterprises were created out of 'sick units' taken over from the private sector inter alia to protect the interest of workers. A number of public enterprises were created to operate in national and international trade, consultancy, contract and construction

services, inland and overseas communications, etc. The overall profile of public sector enterprises in India is, thus, a heterogeneous conglomeration of basic and infrastructural industries, industries producing consumer goods and industries engaged in trade and services etc.

### **Objectives of Public Sector**

1.3 The objectives of setting up of public enterprises can inter-alia be to :

- ensure the rapid economic development and industrialization of the country and create the necessary infrastructure for economic development;
- promote redistribution of income and wealth;
- create employment opportunities;
- promote balanced regional development;
- assist the development of small-scale and ancillary industries; and
- promote import substitutions, save and earn foreign exchange for the economy.

### **Product Profile**

1.4 Central public sector enterprises offer a wide range of products and services which include manufacturing of steel; manufacture of heavy machinery, machine tools, instruments, heavy machine building equipments, heavy electrical equipments for thermal and hydel stations, transportation equipments, telecommunication equipments, ships, sub-marines, fertilizers, drugs and

pharmaceuticals, petrochemicals, cement, textile; mining of coal and minerals; extraction and refining of crude oil; operation of air, sea, river and road transport; national and international trade, consultancy, contract & construction services; inland and overseas telecommunication services; generation and transmission of power; financial services; a few consumer items such as newsprint, paper and contraceptives; hotel and tourists services, etc.

### **Policy on Public Sector**

1.5 The Industrial Policy Resolution of 1956 has been the guiding factor, which gave the public sector a strategic role in the economy. Massive investments have been made over the past five decades to build the public sector. Many of these enterprises successfully expanded production, opened up new areas of technology and built up a reserve of technical competence in a number of areas. Nevertheless, after the initial concentration of public sector investment in key infrastructure areas, public enterprises began to spread into all areas of the economy including non-infrastructure and non-core areas.

1.5.1 Government of India announced on 24<sup>th</sup> July, 1991 the 'Statement on Industrial Policy' which inter alia included Statement on Public Sector Policy. The Statement contains the following decisions:

- "Portfolio of public sector investments will be reviewed with a view to focus the public sector on strategic, high-tech and essential infrastructure. Whereas some

reservation for the public sector is being retained, there would be no bar for area of exclusivity to be opened up to the private sector selectively. Similarly, the public sector will also be allowed entry in areas not reserved for it.

- Public enterprises which are chronically sick and which are unlikely to be turned around will, for the formulation of revival/rehabilitation schemes, be referred to the Board for Industrial and Financial Reconstruction (BIFR), or other similar high level institutions created for the purpose. A social security mechanism will be created to protect the interests of workers likely to be affected by such rehabilitation packages.
- In order to raise resources and encourage wider public participation, a part of the government's share-holding in the public sector would be offered to mutual funds, financial institutions, general public and workers.
- Boards of public sector companies would be made more professional and given greater powers.
- There will be a greater thrust on performance improvement through the Memorandum of Understanding (MOU) system through which managements would be granted greater autonomy and will be held accountable. Technical expertise on the part of the Government would be upgraded to make the MOU negotiations and implementation more effective.

- To facilitate a fuller discussion on performance, the MOU signed between Government and the public enterprises would be placed in Parliament. While focusing on major management issues, this would also help place matters on day-to-day operations of public enterprises in their correct perspective. “

1.5.2 In accordance with the decision announced in the aforesaid statement on Industrial policy on public sector and also as per the budget speech of July 1991, in order to encourage wider participation and promote greater accountability the Government equity in selected CPSEs was offered to Mutual funds, financial institutions, workers and the general public.

1.5.3 The main elements of the present Government policy towards Public Sector Enterprises as contained in the National Common Minimum Programme (NCMP) are as under:

- (i) To devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment.
- (ii) Generally, profit-making companies will not be privatized.
- (iii) Every effort will be made to modernize and restructure sick public sector companies and revive sick industry.
- (iv) Chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation.

- (v) Private industry will be inducted to turn-around companies that have potential for revival.
- (vi) Privatization revenues will be used for designated social sector schemes.
- (vii) Public sector companies and nationalized banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors.

### Coverage

1.6 In relation to above mentioned objectives and product profile, an attempt has been made in this chapter to evaluate the performance of public enterprises as a whole. As the public enterprises are expected to run on commercial lines, the financial appraisal continues to be an important yardstick to measure the performance of these enterprises. An analysis of performance of these enterprises with reference to some important ratios such as profit before interest and tax to capital employed, sales to capital employed, etc. has been attempted. Considering the fact that the public sector has to discharge a number of socio-economic obligations, the performance appraisal also covers items like internal resources generation for financing the Plan Outlay, contribution to the public exchequer, management development, development of backward regions, employment generation, employees welfare measures, foreign exchange earnings, import substitution effort and such other related matters, so as to present a comprehensive picture.

### Source of Data

1.7 This survey has been prepared on the basis of data received from the Public Sector Enterprises and their Annual Reports. Though the data given by the Central Public Sector Enterprises (CPSEs) have been relied upon but the same has also been verified from the Annual Reports to the extent available. In a few cases, where the data for the current year is not available, the data for the previous year has been repeated except for data for items of Profit & Loss A/c. Therefore, in respect of the CPSEs who have not furnished the information, their financial performance has been excluded for all analysis purposes.

### Present Status:

1.8 As on 31.3.2005, there were 237 Central Public Sector Enterprises (excluding 6 insurance companies and 2 financial institutions) coming within the purview of the Survey as detailed below:

**Table 1.1**

(a) Enterprises Under Construction	10
(b) Enterprises Manufacturing / Producing Goods	144
(c) Enterprises Rendering Services	83
<b>Total</b>	<b>237</b>

1.8.1 The enterprises dealt with in this chapter have been classified under different cognate groups for the purpose of evaluation and appraisal of their performance. Cognate

group-wise and individual enterprise-wise analysis are given in volume-II and III of this Survey respectively. The cognate groups

under which these enterprises have been classified are as under:

**Table 1.2**

<b>Cognate Group</b>		<b>Total Enterprises as on 31.3.2005</b>
<b>I</b>	<b>Enterprises under Construction</b>	<b>10</b>
<b>II</b>	<b>Enterprises Manufacturing/Producing Goods</b>	
1	Steel	7
2	Minerals & Metals	10
3	Coal & Lignite	9
4	Power	7
5	Petroleum	14
6	Fertilizers	8
7	Chemicals & Pharmaceuticals	14
8	Heavy Engineering	10
9	Medium & Light Engineering	25
10	Transportation Equipment	10
11	Consumer Goods	11
12	Agro-Based Industries	4
13	Textiles	15
<b>Total II</b>		<b>144</b>
<b>III</b>	<b>Enterprises Rendering Services:</b>	
1	Trading & Marketing Services	14
2	Transportation Services	11
3	Contract & Construction Services	10
4	Industrial Development & Technical Consultancy Services	15
5	Tourist Services	9
6	Financial Services	9
7	Telecommunication & Information Technology Services	4
8	Section – 25 Companies	11
<b>Total III</b>		<b>83</b>
<b>Grand Total (I+II+III)</b>		<b>237</b>

## Highlights

### 1.9 The major highlights of the year 2004-05 at a glance are: -

- **Net Profit** has increased to Rs 65429 crore in 2004-05 from Rs.53084 crore in 2003-04 resulting in an increase of 23.26 %. Return on equity share capital (Net Profit to (Paid-up capital + Share Application)) was 52.65% for 2004-05 i.e. Earning Per Share (EPS) was Rs. 5.26 per share of Rs.10/- as against EPS of Rs.4.46/- in the previous year.
- **Profit Before Tax and Extra-Ordinary Items and Prior Period Adjustments (PBTEP)** has increased to Rs.86062 crore in 2004-05 from Rs.71285 crore in 2003-04 registering an increase of 20.73%. **Profit Before Tax and Extra-Ordinary Items and Prior Period Adjustments to Net Worth** for 2004-05 works out to 24.8%.
- **Profit Before Interest, Depreciation and Tax and Extra-Ordinary Items and Prior Period Adjustments** has increased to Rs.142606 crore in 2004-05 from Rs.127396 crore in 2003-04, thereby registering a growth of 11.94%.
- Public Sector Enterprises as a whole have earned a **return on investment** (profit before interest, tax and Extra-Ordinary Items and Prior Period Adjustments to capital employed) of 21.49%.
- **Turnover/operating income has increased** by 19.39%. In absolute terms, the turnover has increased by Rs.113810 crore i.e. from Rs.587052 crore in previous year to Rs.700862 crore in 2004-05.
- **Overall performance as measured by MOUs:** - Out of 99 MOU signing Public Sector Enterprises evaluated, 42 were rated as 'Excellent' and 33 as 'Very Good'.
- **Increase in investment** in Central public sector enterprises by Rs.7855 crore i.e. from Rs.349994 crore in 2003-04 to Rs.357849 crore in 2004-05, an increase of 2.24%.
- **Capital employed** of public sector enterprises has gone up by 11.46% i.e. from Rs.452910 crore in 2003-04 to Rs.504826 crore in 2004-05.
- **Increase in Net Worth** by Rs.50996 crore i.e. from Rs.296036 crore in 2003-04 to Rs.347032 crore in 2004-05, an increase of 17.23 %.
- **Foreign exchange earnings** by exports of goods and rendering various types of services has increased to Rs. 42264 crore in 2004-05 from Rs. 34894 crore during 2003-04.
- Central Public Sector Enterprises have declared a **dividend** of Rs.20713 crore in 2004-05 as against Rs.15288 crore during 2003-04, an increase of 35.48%. The dividend pay out ratio has gone up to 31.66% as against 28.80% in the previous year.
- **The contribution to Central Exchequer** by way of excise duty, customs duty, corporate tax, interest on central Government loans, dividend and other duties and taxes has gone up by Rs.21564 crore i.e. from Rs.89035 crore in 2003-04 to Rs.110599 crore in 2004-05, an increase of 24.22%.

## Balance Sheet of Public Sector Enterprises :

1.10 Aggregated Balance Sheet of Central Public Sector Enterprises and separately for

Manufacturing/producing Sector and Service Sector are given in Statement Nos. 1A, 1B and 1C respectively of part IV of this volume. Summarized aggregated Balance Sheet is given below:

**Table 1.3**  
**Balance Sheet of Public Sector Enterprises**

(Rs.in crore)

Particulars	2004-05	2003-04
<b>Sources of Funds</b>		
a. Paid-up Capital	117786.93	111874.54
b. Share Application Money	6494.13	7086.75
c. Reserves & Surplus	309867.73	259581.95
Shareholders Fund(a+b+c)	434148.79	378543.24
Loans	323794.25	296715.81
Deferred Tax Liability	35218.62	32977.55
<b>Total</b>	<b>793161.66</b>	<b>708236.60</b>
<b>Utilisation of Funds</b>		
Gross Block	569157.61	533304.79
Less: Depreciation	279790.87	248059.18
Net Block	289366.74	285245.61
Capital Work in Progress	80001.39	63421.86
Investments	119887.50	107646.28
Working Capital	215459.51	167664.14
Deferred Revenue Expenditure	4276.10	4470.97
Deferred Tax Asset	1329.94	1750.99
Profit & Loss Account (DR)	82840.48	78036.75
<b>Total</b>	<b>793161.66</b>	<b>708236.60</b>

## Analysis/Sources /Growth of Investment

### 1.11 Analysis of Investment

1.11.1 Investment is the aggregate of paid-up share capital, share application money

pending allotment and long term loans. The investment in central public sector enterprises from 1996-97 is given below:

**Table 1.4**  
**Investment in Central Public Sector Enterprises**

(Rs. in crore)

Year	No. of Enterprises	Paid up Capital	Share Application Money	Long Term Loans	Investment (3+4+5)
1	2	3	4	5	6
As on 31.3.1997	242	69820	2475	141315	213610
As on 31.3.1998	240	71960	4631	154433	231024
As on 31.3.1999	240	76904	3409	158854	239167
As on 31.3.2000	240	82430	2006	168309	252745
As on 31.3.2001	250	86215	3225	184758	274198
As on 31.3.2002	240	101247	2933	218635	322815
As on 31.3.2003	240	109306	2933	223408	335647
As on 31.3.2004	242	111874	7087	231033	349994
As on 31.3.2005	237	117787	6494	233568	357849

## Sources of Investment

1.11.2 The Central Government has contributed a major share of investment in public enterprises. In addition to Central Government, some State Governments, holding companies, which are themselves

public sector enterprises, financial institutions, banks and private parties (both Indian and foreign) have also contributed to the investment of these enterprises. The details of investment by different parties are given below:

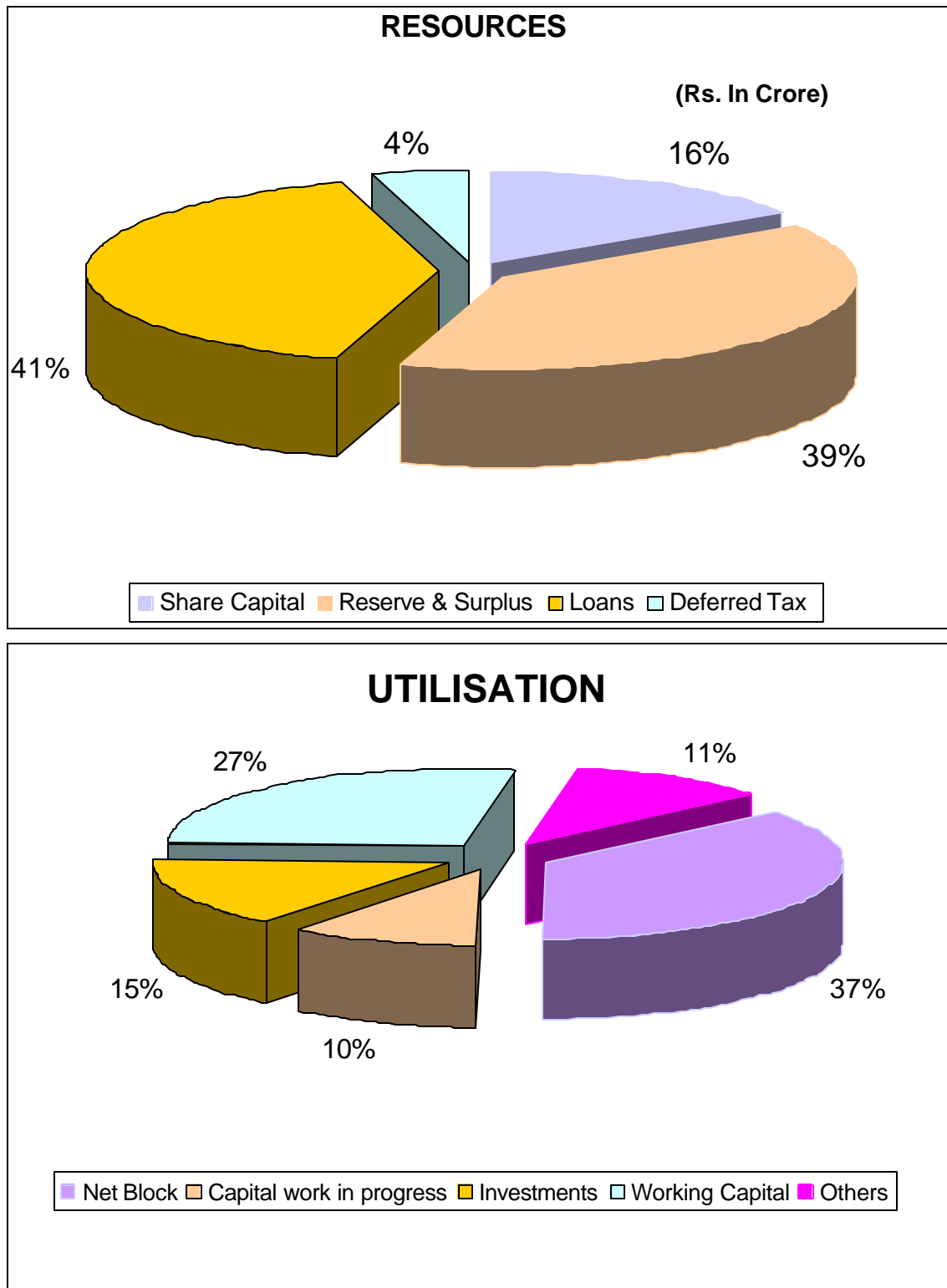
**Table 1.5**  
**Sources of Investment**

(Rs. in crore)

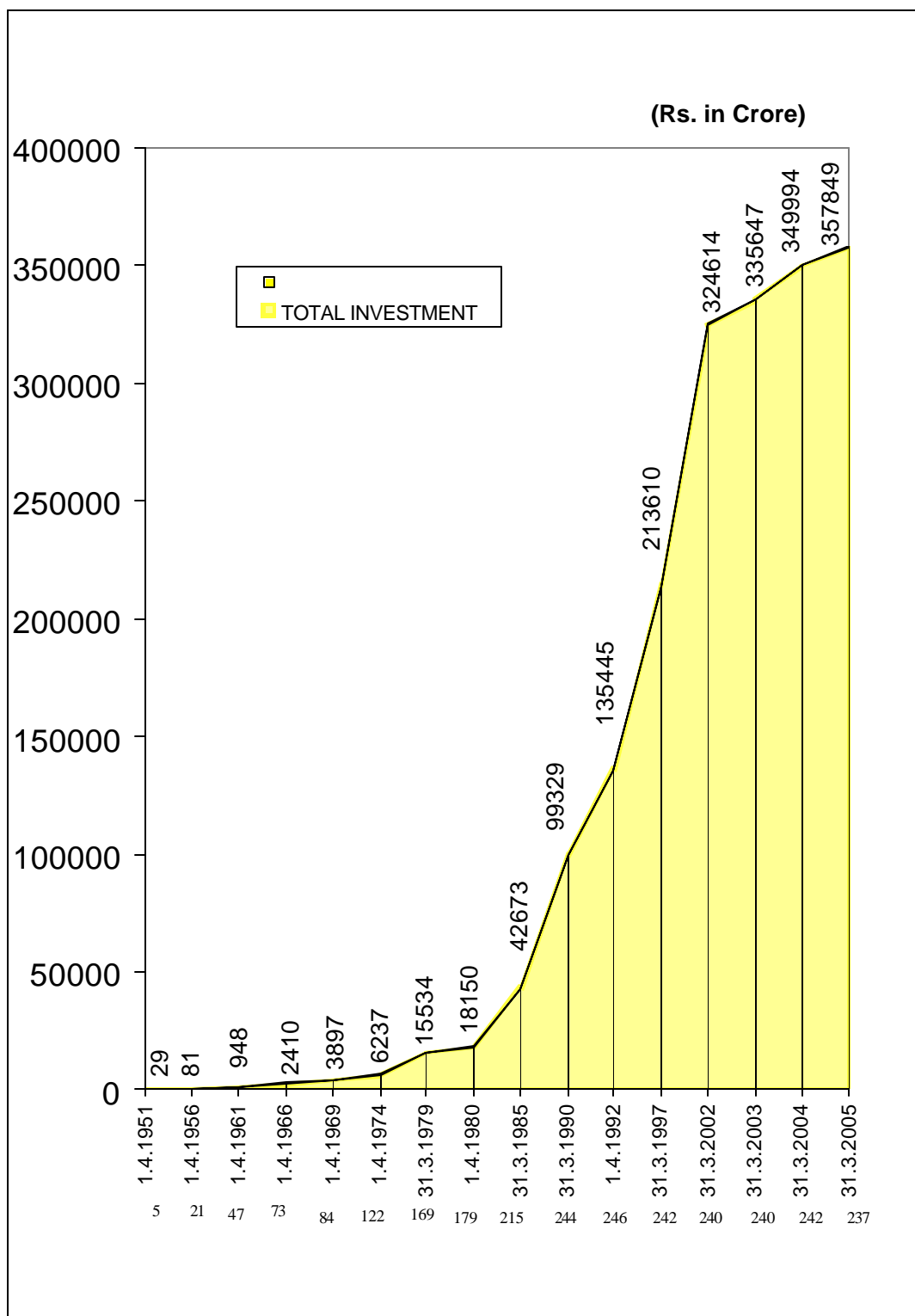
Particulars	Central Govt.	State Govt.	Holding Company	Foreign Parties	FI/Banks & others	Total (2 to 6)	Share Application money pending allotment	Total Investment (7+8)
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b> <b>(2 to 6)</b>	<b>(8)</b>	<b>(9)</b> <b>(7+8)</b>
<b>As on 31.3.2001</b>								
Equity	71771	1368	9866	756	2454	86215		
Loan	49068	21	13183	4657	117829	184758		
<b>Total</b>	<b>120839</b>	<b>1389</b>	<b>23049</b>	<b>5413</b>	<b>120283</b>	<b>270973</b>	<b>3225</b>	<b>274198</b>
<b>As on 31.3.2002</b>								
Equity	86444	1468	10329	575	2431	101247		
Loan	56710	26	16018	33261	112620	218635		
<b>Total</b>	<b>143154</b>	<b>1494</b>	<b>26347</b>	<b>33836</b>	<b>115051</b>	<b>319882</b>	<b>4732</b>	<b>324614</b>
<b>As on 31.3.2003</b>								
Equity	91368	2542	11453	545	3398	109306		
Loan	56699	10	21808	29835	115056	223408		
<b>Total</b>	<b>148067</b>	<b>2552</b>	<b>33261</b>	<b>30380</b>	<b>118454</b>	<b>332714</b>	<b>2933</b>	<b>335647</b>
<b>As on 31.3.2004</b>								
Equity	93415	3200	11154	767	3338	111874		
Loan	50864	262	23675	27394	128838	231033		
<b>Total</b>	<b>144279</b>	<b>3462</b>	<b>34829</b>	<b>28161</b>	<b>132176</b>	<b>342907</b>	<b>7087</b>	<b>349994</b>
<b>As on 31.3.2005</b>								
Equity	98313	3113	11391	1421	3549	117787		
Loan	36453	266	28722	28550	139577	233568		
<b>Total</b>	<b>134766</b>	<b>3379</b>	<b>40113</b>	<b>29971</b>	<b>143126</b>	<b>351355</b>	<b>6494</b>	<b>357849</b>



**FIGURE 1.1**  
**RESOURCES & UTILISATION**



**FIGURE 1.2**  
**GROWTH OF INVESTMENT**



## Growth of Investment

1.11.3 The investment in public sector enterprises has grown from Rs.29 crore as on 1.4.1951 to Rs.357849 crore as on

31.3.2005. The growth of investment in public sector enterprises, including enterprises under construction, over the years is given below:

**Table 1.6**  
**Growth in Investment**

Particulars	Total investment (Rs. crore)	Enterprises (Numbers)
At the commencement of the 1st Five Year Plan (1.4.1951)	29	5
At the commencement of the 2 <sup>nd</sup> Five Year Plan (1.4.1956)	81	21
At the commencement of the 3 <sup>rd</sup> Five Year Plan (1.4.1961)	948	47
At the end of 3 <sup>rd</sup> Five Year Plan (31.3.1966)	2410	73
At the commencement of the 4 <sup>th</sup> Five Year Plan (1.4.1969)	3897	84
At the commencement of the 5 <sup>th</sup> Five Year Plan (1.4.1974)	6237	122
At the end of 5 <sup>th</sup> Five Year Plan (31.3.1979)	15534	169
At the commencement of the 6 <sup>th</sup> Five Year Plan (1.4.1980)	18150	179
At the commencement of the 7 <sup>th</sup> Five Year Plan (1.4.1985)	42673	215
At the end of 7 <sup>th</sup> Five Year Plan (31.3.1990)	99329	244
At the commencement of the 8 <sup>th</sup> Five Year Plan (1.4.1992)	135445	246
At the end of 8 <sup>th</sup> Five Year Plan (31.3.1997)	213610	242
At the end of 9 <sup>th</sup> Five Year Plan (31.3.2002)	324614	240
As on 31.03.2003	335647	240
As on 31.03.2004	349994	242
As on 31.03.2005	357849	237

## Fixed Assets to Long Term Funds

1.12 Net fixed assets including capital work in progress of public sector enterprises as on 31.3.2005 were Rs.369368 crore as against Rs. 348667 crore as on 31.3.2004. As against this, the long term funds (shareholders fund and long term loans) on these dates were Rs.667717 crore and Rs.609576 crore respectively. Fixed assets ratio for 2004-05 works out to 0.55:1 as against 0.57:1 for 2003-04. Fixed assets to long-term funds (**fixed assets ratio**) indicates how much long term funds have been utilised to finance the fixed assets. Since fixed assets need to be financed through long-term funds only and part of the working capital should also be financed through the long term funds, the ratio about 0.55:1 is considered appropriate.

## Total Loans to Shareholders Funds

1.13 Total loans to Shareholders funds (**Debt equity ratio**) as on 31.3.2005 comes to 0.75:1 as compared to 0.78:1 as on 31.3.2004. This ratio indicates the dependence of the PSEs on borrowed funds viz a viz own funds.

## Current Assets to Current Liabilities

1.14 Working capital of Public Sector Enterprises as on 31.3.2005 was Rs.215460 crore with **Current ratio** (current assets to current liabilities) of 1.87:1 as compared to Rs.167664 crore with the ratio of 1.77:1 as on 31.3.2004.

1.15 Since no production or returns can be expected from enterprises under construction, performance analysis given in following paragraph excludes enterprises under construction.

## Financial Performance

### 1.16 Analysis of the financial performance

of the manufacturing and service group of enterprises is given in the following table:

**Table 1.7**

### Performance of Manufacturing and Services Group of Enterprises

(Rs. in crore)

Sl. No.	Particulars	Production Sector		Service Sector		Total	
		2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
1	No of operating Enterprises	144	147	83	83	227	230
2	Capital employed	256183.05	233238.88	248186.69	219097.23	504369.74	452336.11
3	Net worth	214085.28	179603.89	127458.22	112224.36	341543.50	291828.25
4	Turnover/Operating Income	533398.30	427006.85	167463.89	160044.81	700862.19	587051.66
5	Cost of production/ services	490190.18	397372.14	158707.67	145049.61	648897.85	542421.75
6	Cost of goods sold	483665.48	396866.70	157864.91	150226.36	641530.39	547093.06
7	Value added	166743.32	137833.07	82598.66	80047.7	249341.98	217880.77
8	Profit before dep,int, tax & EP(PBDITEP)	103573.72	88413.79	39031.97	38981.83	142605.69	127395.62
9	Depreciation	20453.57	18402.23	12678.51	12848.77	33132.08	31251.00
10	DRE/Prel. Expenses W/O	808.93	836.47	174.14	188.79	983.07	1025.26
11	Profit before int, tax & EP(PBITEP)	82311.22	69175.09	26179.32	25944.27	108490.54	95119.36
12	Interest	12049.26	13286.20	10378.85	10548.38	22428.11	23834.58
13	Profit before Tax & EP (PBTEP)	70261.96	55888.89	15800.47	15395.89	86062.43	71284.78
14	Tax provisions	21471.09	17254.51	189.70	4879.89	21660.79	22134.40
15	Net profit before EP	48790.87	38634.38	15610.77	10516.00	64401.64	49150.38
16	Extra Ord. Exp. & Prior Period Adj.	630.89	-1906.09	-1658.36	-2027.15	-1027.47	-3933.24
17	Net Profit	48159.98	40540.47	17269.13	12543.15	65429.11	53083.62
a	Profit of profit making PSEs	56605.00	48414.11	17826.86	13192.07	74431.86	61606.18
b	Loss of loss incurring PSEs	-8445.02	-7873.64	-557.73	-648.92	-9002.75	-8522.56
c	No. of Profit making PSEs	80	80	63	59	143	139
d	No. of Loss Incurring PSEs	56	66	17	23	73	89
e	No. of no profit/no loss PSEs	0	1	1	1	1	2
f	Operating PSEs not furnished information	8	-	2	-	10	-
18	Dividend	17622.06	13076.69	3091.00	2211.23	20713.06	15287.92
19	Dividend tax	2411.26	1676.24	439.91	284.57	2851.17	1960.81
20	Retained profit	28126.66	25787.54	13738.22	10047.35	41864.88	35834.89
21	<b>Financial Ratio (%)</b>						
a	Sales to Capital employed	208.21	183.08	67.47	73.05	138.96	129.78
b	PBDITEP to Capital employed	40.43	37.91	15.73	17.79	28.27	28.16
c	PBITEP to Capital employed	32.13	29.66	10.55	11.84	21.51	21.03
d	PBTEP to Net worth	32.82	31.12	12.40	13.72	25.20	24.43
e	PBDITEP to Turnover	19.42	20.71	23.31	24.36	20.35	21.70
f	PBITEP to Turnover	15.43	16.20	15.63	16.21	15.48	16.20
g	PBTEP to Turnover	13.17	13.09	9.44	9.62	12.28	12.14
h	Net Profit to Turnover	9.03	9.49	10.31	7.84	9.34	9.04
i	Dividend payout	36.59	32.26	17.90	17.63	31.66	28.80

Note: Out of 227 CPSEs in operation, 10 CPSEs have not furnished information. Hence, the analysis is based on the performance data received from 217 CPSEs only.

**Growth of Turnover/Operating Income**

1.17 The turnover/operating income of

public enterprises has grown significantly over the period as may be seen from Table 1.8 below:

**Table 1.8**  
**Growth of Turnover**

Year	Rs. in crore		(%)	
	Turnover / operating income	Capital Employed	Turnover to Capital Employed	Growth of Turnover
1991-92	133906	117991	113.49	12.83
1992-93	147266	140110	105.11	9.98
1993-94	158049	159836	98.88	7.32
1994-95	187355	162450	115.33	18.54
1995-96	226919	173948	130.45	21.12
1996-97	260735	231178	112.79	14.90
1997-98	276002	249855	110.46	5.86
1998-99	310179	265093	117.01	12.38
1999-00	389199	302867	128.50	25.48
2000-01	458237	331401	138.27	17.74
2001-02	447529	389934	114.77	-2.34
2002-03	534001	417931	127.77	19.32
2003-04	587052	452910	129.62	9.93
2004-05	700862	504826	138.83	19.39

1.17.1 It may be seen from the above table that the public sector enterprises have shown consistent growth in the turnover/operating income except for the years 2001-02, 2002-03 and 2003-04 as turnover has been taken after deducting excise duty w.e.f. 2001-02. It has increased from Rs.133906

crore in 1991-92 to Rs. 700862 crore during 2004-05. The increase in turnover during this period works out to 423% and the Public Enterprises have registered a growth of 19.39% in the current year over the previous year.

1.17.2 Cognate group-wise break-up of

turnover is given in Table 1.9 below:

**Table No. 1.9**  
**Cognate Group-wise Break-up of turnover**

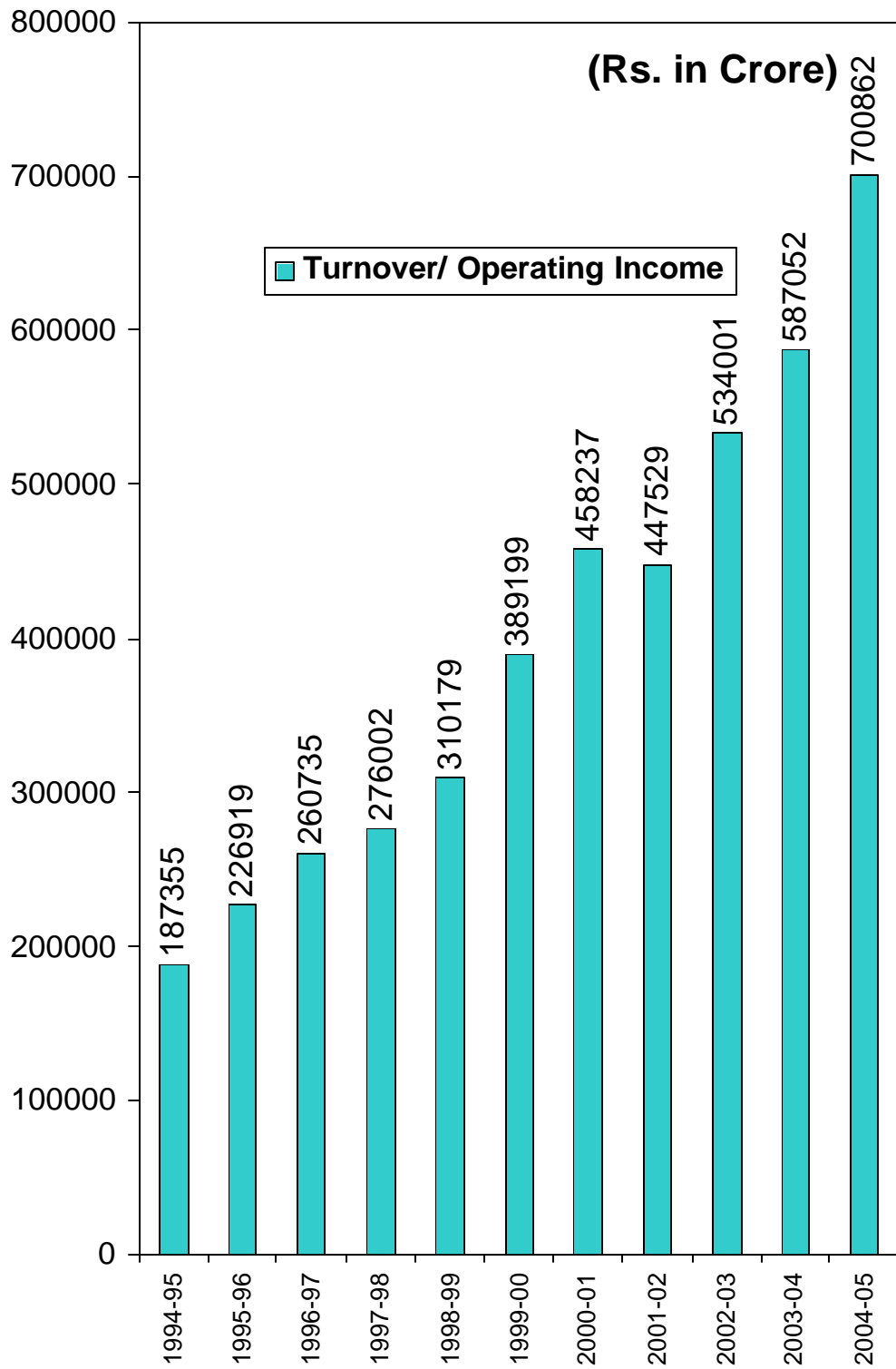
(Rs. in crore)

Sl. No.	Cognate Group	Turnover during		Increase/	% Increase/
		2004-05	2003-04	Decrease (-)	Derease (-) over 2004-05
1	2	3	4	5 (3-4)	6
<b>I</b>	<b>Enterprises Producing/Selling goods</b>				
1	Steel	37860.24	28323.00	9537.24	33.67
2	Minerals & Metals	9687.62	6819.62	2868.00	42.06
3	Coal and Lignite	28909.85	24714.27	4195.58	16.98
4	Power	30009.51	25320.88	4688.63	18.52
5	Petroleum	388592.46	308102.15	80490.31	26.12
6	Fertilisers	8866.76	7926.11	940.65	11.87
7	Chemicals & Pharmaceuticals	1144.34	925.40	218.94	23.66
8	Heavy Engineering	9976.24	8372.53	1603.71	19.15
9	Medium & Light Engineering	8140.05	7500.64	639.41	8.52
10	Transportation Equipment	7972.72	6844.48	1128.24	16.48
11	Consumer Goods	1256.38	1229.21	27.17	2.21
12	Agro Based Industries	149.52	158.06	-8.54	-5.40
13	Textiles	832.61	770.50	62.11	8.06
<b>Total ( 1 to 13)</b>		<b>533398.30</b>	<b>427006.85</b>	<b>106391.45</b>	<b>24.92</b>
<b>II</b>	<b>Enterprises Rendering Services</b>				
1	Trading and Marketing	85877.24	83390.24	2487.00	2.98
2	Transportation Services	22548.34	19119.14	3429.20	17.94
3	Contract & Construction Services	3211.62	2712.77	498.85	18.39
4	Ind Dev & Tech Consul. Services	5442.14	5415.71	26.43	0.49
5	Tourist Services	509.83	380.49	129.34	33.99
6	Financial Services	10581.97	11018.51	-436.54	-3.96
7	Telecommunication Services	39076.10	37780.47	1295.63	3.43
8	Section 25 Companies	216.65	227.48	-10.83	-4.76
<b>Total (1 to 8)</b>		<b>167463.89</b>	<b>160044.81</b>	<b>7419.08</b>	<b>4.64</b>
<b>Grand Total (I+II)</b>		<b>700862.19</b>	<b>587051.66</b>	<b>113810.53</b>	<b>19.39</b>

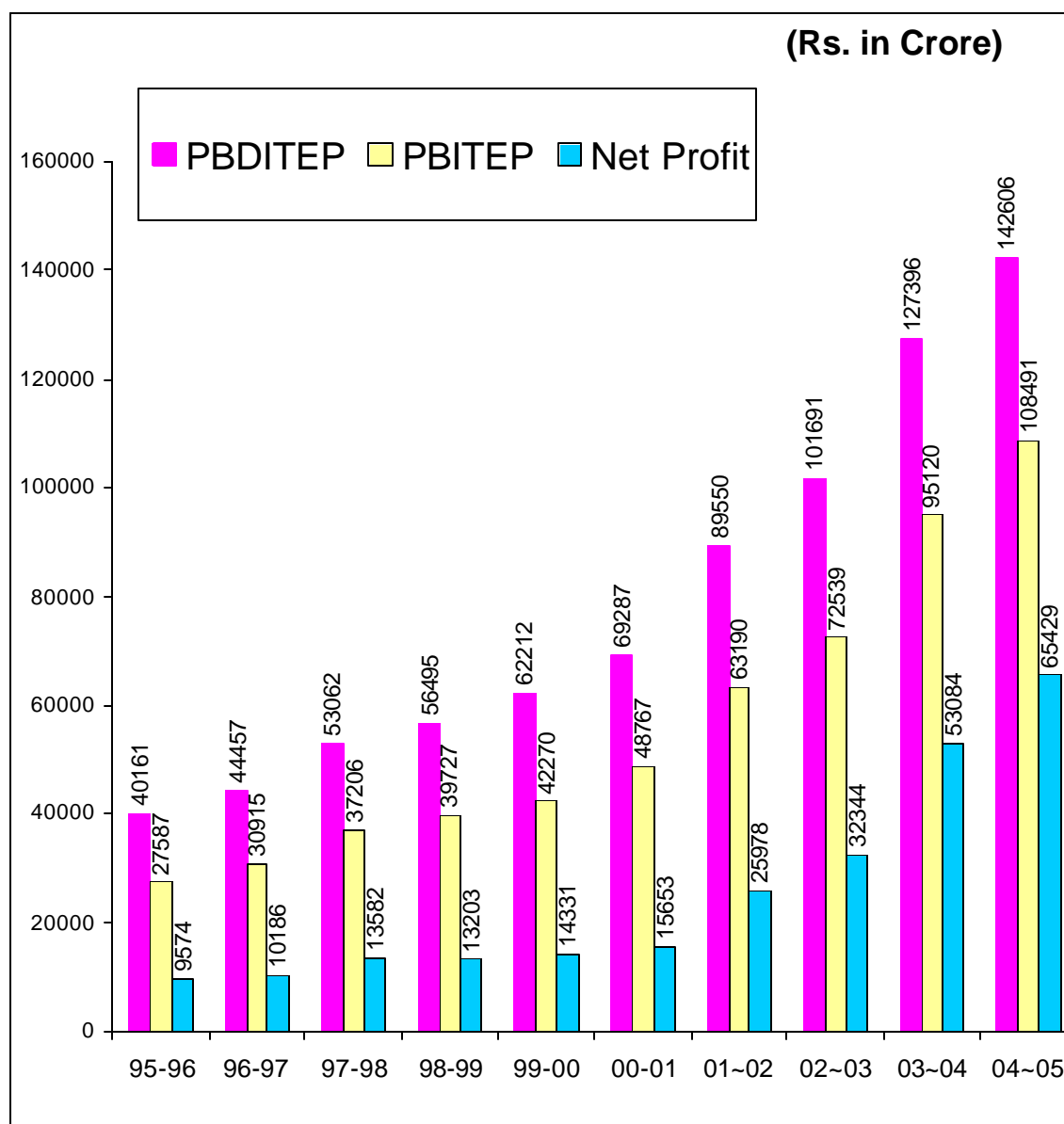
1.17.3 It may be observed that the growth of turnover is higher for enterprises producing and selling goods as compared to the enterprises rendering services. Minerals &

Metals, Tourist Services, Steel, Petroleum, Chemicals & Pharmaceuticals, Heavy Engineering, Power, Contract & Construction Services, Transportation Services, Coal and

FIGURE 1.3  
GROWTH OF TURNOVER



**FIGURE 1.4**  
**PROFITABILITY IN TERMS OF PBDITEP,PBITEP & NET PROFIT**





Lignite, Transportation Equipment and Fertilizers have recorded significant increase in turnover as compared to the previous year. However, there is a decline in turnover in the case of Agro Based Industries, Section 25

Companies and Financial Services.

1.17.4 Top ten enterprises contribute 66.62% of the turnover of all the enterprises as may be seen from the table 1.10 given below:

**Table 1.10**  
**Top Ten Enterprises in Terms of Turnover**

Sl. No.	Name of the Enterprise	Amount (Rs./Crore)	% of Total Turnover
1	Indian Oil Corporation Ltd.	137659.83	19.64
2	Hindustan Petroleum Corpn. Ltd.	59264.55	8.46
3	Bharat Petroleum Corpn. Ltd.	58969.99	8.41
4	Food Corpn. of India	46396.95	6.62
5	Oil & Natural Gas Corporation Ltd.	46364.37	6.62
6	Bharat Sanchar Nigam Ltd.	33450.04	4.77
7	Steel Authority of India Ltd.	28629.94	4.07
8	National Thermal Power Corporation Ltd.	22564.92	3.22
9	Mangalore Refinery & Petrochemicals Ltd.	18508.33	2.64
10	M M T C Ltd.	15138.07	2.16
<b>Total</b>		<b>466946.99</b>	<b>66.61</b>
<b>Total Turnover</b>		<b>700862.19</b>	<b>100.00</b>

### Cost of Production

manufacturing/ production sector is given in table 1.11 below:

1.18 Element wise cost of production for

**Table 1.11**  
**Element-wise Cost of Production of Manufacturing Enterprises**

(Rs. in crore)

Sl. No.	Details of Cost	Manufacturing Enterprises			
		2004-05		2003-04	
		Amount	% age	Amount	% age
1	Purchase of Finished Goods & Material Consumption	340612.69	69.49	260040.24	65.44
2	Stores & Spares	8816.90	1.80	8072.55	2.03
3	Salary, Wages & Benefits	31276.90	6.38	29222.34	7.36
4	Manufacturing//Direct/Operating Expenses	28339.56	5.78	23279.73	5.86
5	Power & Fuel	23750.09	4.84	21566.43	5.43
6	DRE/Prel Exp Written Off	808.93	0.17	836.47	0.21
7	Depreciation	20453.57	4.17	18402.23	4.63
8	Interest	12049.26	2.46	13286.20	3.34
9	Other Expenses	24082.28	4.91	22665.91	5.70
<b>Cost of Production</b>		<b>490190.18</b>	<b>100.00</b>	<b>397372.14</b>	<b>100.00</b>

1.18.1 It may be observed from the above table that more than 76% of cost of production comprises purchase of finished goods, consumption of raw materials, stores & spares and power & fuel in case of manufacturing enterprises. Further, all

expenses except DRE/Prel Exp written off and interest have increased in absolute terms in 2004-05 as compared to the previous year.

1.18.2 Element wise cost of production for service sector enterprises is given in table 1.12 below:

**Table 1.12**  
**Element-wise Cost of Production of Service Sector Enterprises**

*(Rs. in crore)*

Sl. No.	Details of Cost	2004-05		2003-04	
		Amount	% age	Amount	% age
1	Purchase of Finished Goods & Raw Material Consumption	79000.77	49.78	69620.23	48.00
2	Stores & Spares	790.22	0.50	693.73	0.48
3	Salary, Wages & Benefits	17301.20	10.90	14567.38	10.04
4	Manufacturing/Direct/Operating Expenses	17504.27	11.03	16383.50	11.29
5	Power & Fuel	5917.00	3.73	4506.40	3.11
6	DRE/Prel Exp Written Off	174.14	0.11	188.79	0.13
7	Depreciation	12678.51	7.99	12848.77	8.86
8	Interest	10378.85	6.54	10548.38	7.27
9	Other Expenses	14962.71	9.42	15692.43	10.82
<b>Cost of Production</b>		<b>158707.67</b>	<b>100.00</b>	<b>145049.61</b>	<b>100.00</b>

1.18.3 It may be observed from the above table that more than 50% of cost of production comprises of purchase of finished

goods/ consumption of raw materials and stores & spares in case of services sector.

**Profitability**

group-wise net profit/loss for the last five

1.19 Table 1.13 below indicates cognate years:

**Table 1.13**  
**Cognate Group-Wise Trend of Net Profit/Loss**

*(Rs. in crore)*

Sl. No. Cognate Group		2000-01	2001-02	2002-03	2003-04	2004-05
1	2	3	4	5	6	7
<b>I</b>	<b>Enterprises Producing / Selling goods</b>					
1	Steel	-1206.65	-1961.06	46.72	4117.89	8940.08
2	Minerals & Metals	961.21	352.22	755.37	1467.39	2876.39
3	Coal and Lignite	-827.82	2158	3034.7	5238.34	4826.03
4	Power	5119.98	5612.79	5219.14	8605.29	8730.49
5	Petroleum	11727.1	12714.57	22779.06	24374.35	26796.41
6	Fertilisers	-3244.18	-1795.92	-2329.06	-2104.42	-1989.79
7	Chemicals & Pharmaceuticals	-142.85	-309.18	-271.92	-430.78	-539.8
8	Heavy Engineering	-293	96.49	-56.03	117.47	364.42
9	Medium & Light Engineering	-95.43	-200.94	-686.86	-977.11	-431.14
10	Transportation Equipment	123.21	776.35	388.22	293.42	679.35
11	Consumer Goods	-671.35	-306.36	-720.72	-575.2	-775.68
12	Agro Based Industries	-35.33	-13.76	-13.9	-10.71	-25.64
13	Textiles	-1547.21	-1107.5	-1961.22	424.54	-1291.14
<b>Total ( 1 to 13)</b>		<b>9867.68</b>	<b>16015.70</b>	<b>26183.50</b>	<b>40540.47</b>	<b>48159.98</b>
<b>II</b>	<b>Enterprises Rendering Services</b>					
1	Trading and Marketing	124.94	63.12	-54.17	139.83	262.1
2	Transportation Services	697.49	594.64	877.95	1665.47	2472.05
3	Contract & Construction Services	-560.67	-481.86	-414.73	-474.47	-363.82
4	Ind Dev & Tech Consul. Services	852.48	579.7	766.45	984.83	998.17
5	Tourist Services	-62.13	-122.89	157.73	-9.94	12.79
6	Financial Services	1340.37	1626.56	2412.14	3013.9	2676.71
7	Telecommunications & Information Technology	3319.01	7612.27	2321.38	7112.15	11103.43
8	Section 25 Companies	74.08	90.9	93.97	111.38	107.
<b>Total (1 to 8)</b>		<b>5785.57</b>	<b>9962.44</b>	<b>6160.72</b>	<b>12543.15</b>	<b>17269.13</b>
<b>Grand Total (I+II)</b>		<b>15653.25</b>	<b>25978.14</b>	<b>32344.22</b>	<b>53083.62</b>	<b>65429.11</b>

1.19.1 It may be seen from the above table that Steel, Telecommunication & Information Technology Services, Petroleum, Minerals & Metals, Transportation Services, Medium & Light Engineering, Transportation

Equipment, Heavy Engineering, Power, Trading & Marketing Services, Fertilizers, Contract and Construction Services, Tourist Services, Industrial Development & Technical Consultancy Services, have improved their

profitability/reduced their losses. However, the profitability of Textiles, Coal & Lignite, Financial Services, Consumer Goods, Chemicals & Pharmaceuticals, Agro Based Industries and Section 25 Companies have recorded decline. The profitability of Telecommunications & Information Technology sector has increased mainly

because of the creation of deferred tax assets in 2004-05 as compared to provision for tax in 2003-04.

1.19.2 Table 1.14 below gives cognate group-wise ratio of profit before interest and tax to capital employed:

**Table 1.14**  
**Ratio of Profit Before Interest and Tax to Capital Employed**

(Rs. in crore)

Sl. No. Cognate Group		Profit before Interest and Tax (PBIT)	Capital Employed (CE)	Ratio of PBIT to CE (3/4%)
1	2	3	4	5
<b>I</b>	<b>Enterprises Producing / Selling goods</b>			
1	Steel	12465.33	23564.67	52.90
2	Minerals & Metals	4705.61	10949.55	42.98
3	Coal and Lignite	8271.04	13556.20	61.01
4	Power	12223.50	62776.64	19.47
5	Petroleum	40359.00	127031.75	31.77
6	Fertilisers	380.76	4753.08	8.01
7	Chemicals & Pharmaceuticals	38.06	-743.34	-*
8	Heavy Engineering	1622.32	5583.37	29.06
9	Medium & Light Engineering	542.69	4036.48	13.44
10	Transportation Equipment	1256.99	3641.51	34.52
11	Consumer Goods	2.31	1156.59	0.20
12	Agro Based Industries	-10.60	85.43	-12.41
13	Textiles	454.21	-208.88	-*
<b>Total (1 to 13)</b>		<b>82311.22</b>	<b>256183.05</b>	<b>32.13</b>
<b>II</b>	<b>Enterprises Rendering Services</b>			
1	Trading and Marketing	3246.67	41813.75	7.76
2	Transportation Services	2891.32	12759.25	22.66
3	Contract & Construction Services	101.54	4456.08	2.28
4	Ind Dev & Tech Consul. Services	2006.02	18132.36	11.06
5	Tourist Services	39.35	207.66	18.95
6	Financial Services	9838.82	78260.17	12.57
7	Telecommunication & Information Technology	7960.38	90057.62	8.84
8	Section 25 Companies	95.22	2499.80	3.81
<b>Total (1 to 8)</b>		<b>26179.32</b>	<b>248186.69</b>	<b>10.55</b>
<b>Grand Total (I+II)</b>		<b>108490.54</b>	<b>504369.74</b>	<b>21.51</b>

\* Not computed, as capital employed is less than zero.

1.19.3 It may be seen from the above table that profit before interest and tax to capital employed (return on Investment) is higher in case of enterprises producing/selling goods as compared to enterprises rendering services. Coal & Lignite, Steel, Minerals & Metals, Transportation Equipment, Petroleum, Heavy Engineering,

Transportation Services, Power, Tourist Services, Medium & Light Engineering, Financial services, Industrial Development & Technical Consultancy Services have more than 10% return on investment.

1.19.4 The list of top 10 profit making enterprises is given below:

**Table 1.15**  
**Top Ten Profit Making Enterprises**

(Rs. in crore)

Sl. No.	Name of Enterprise	Net Profit
1	Oil & Natural Gas Corporation Ltd.	12983.05
2	Bharat Sanchar Nigam Ltd.	10183.29
3	Steel Authority of India Ltd.	6816.97
4	National Thermal Power Corporation Ltd.	5807.01
5	Indian Oil Corporation Ltd.	4891.38
6	Rashtriya Ispat Nigam Ltd.	2008.09
7	GAIL (INDIA) Ltd.	1953.91
8	Nuclear Power Corpn. of India Ltd.	1704.59
9	Shipping Corporation of India Ltd.	1419.91
10	Coal India Ltd.	1324.92
<b>Total</b>		<b>49093.12</b>

1.19.5 The top ten enterprises have earned net profit of Rs. 49093.12 crore which is 65.96% of total net profit of Rs.74431.86 crore of the profit making enterprises.

1.19.6 The list of top 10 loss incurring enterprises is given below:

**Table 1.16**  
**Top 10 Loss Incurring Enterprises**

(Rs. in crore)

Sl. No.	Name of the Enterprise	Net Loss
1.	Fertilizer Corpn. of India Ltd.	1209.85
2.	Bharat Coking Coal Ltd.	959.43
3.	Hindustan Fertilizer Corpn. Ltd.	878.00
4.	Eastern Coalfields Ltd.	679.20
5.	Indian Drugs & Pharmaceuticals Ltd.	512.43
6.	Hindustan Photo Films Manufacturing Co. Ltd.	496.41
7.	National Jute Manufacturers Corporation Ltd.	425.06
8.	I T I Ltd.	309.82
9.	Konkan Railway Corporation Ltd.	305.48
10.	Heavy Engineering Corpn. Ltd.	284.58
<b>Total</b>		<b>6060.26</b>

1.19.7 The top ten enterprises have incurred loss of Rs. 6060.26 crore which is 67.32% of

the total loss of Rs.9002.75 crore of the loss incurring enterprises.

1.19.8 The enterprises which have shown improvement in profitability by either increasing the profit or reducing the losses during 2004-05 as compared to the previous year by more than Rs.50 crore are given below:

**Table 1.17**

**Increase in Net Profit/Decrease in Net Losses by More than Rs.50 crore**

*(Rs. in crore)*

Sl. No.	Name of the Enterprise	2004-05	2003-04	Increase
1	Oil & Natural Gas Corporation Ltd.	12983.05	8664.43	4318.62
2	Steel Authority of India Ltd.	6816.97	2512.08	4304.89
3	Bharat Sanchar Nigam Ltd.	10183.29	5976.52	4206.77
4	Shipping Corporation of India Ltd.	1419.91	626.99	792.92
5	National Thermal Power Corporation Ltd.	5807.01	5260.77	546.24
6	National Aluminium Company Ltd.	1234.84	737.37	497.47
7	Rashtriya Ispat Nigam Ltd.	2008.09	1547.19	460.90
8	Mangalore Refinery & Petrochemicals Ltd.	879.76	459.41	420.35
9	I T I Ltd.	-309.82	-705.83	396.01
10	Satluj Jal Vidyut Nigam Ltd.	298.43	-93.10	391.53
11	Kudremukh Iron Ore Co.Ltd	649.84	300.70	349.14
12	National Mineral Development Corporation Ltd.	755.44	432.63	322.81
13	Bharat Heavy Electricals Ltd.	953.40	658.15	295.25
14	Kochi Refineries Ltd.	842.12	555.09	287.03
15	ONGC Videsh Ltd.	402.98	139.06	263.92
16	Chennai Petroleum Corporation Ltd.	596.97	400.05	196.92
17	Numaligarh Refinery Ltd.	409.15	214.95	194.20
18	Bongaigaon Refinery & Petrochemicals Ltd.	478.29	303.75	174.54
19	Rural Electrification Corpn. Ltd.	781.36	609.17	172.19
20	Hindustan Organic Chemicals Ltd.	6.40	-164.62	171.02
21	NTC(South Maharashtra)Ltd.	-272.99	-430.01	157.02
22	Bharat Earth Movers Ltd.	175.28	24.17	151.11
23	Northern Coal Fields Ltd.	1148.77	1007.66	141.11
24	South Eastern Coal Fields Ltd.	1058.77	920.57	138.20
25	Bharat Electronics Ltd.	446.32	316.10	130.22
26	Pyrites, Phosphates & Chemicals Ltd.	0.00	-114.19	114.19
27	Hindustan Copper Ltd.	55.98	-56.16	112.14
28	Oil India Ltd.	1061.68	949.71	111.97
29	Manganese Ore (India) Ltd.	126.90	28.51	98.39
30	Hindustan Aeronautics Ltd.	501.07	409.79	91.28
31	GAIL (INDIA) Ltd.	1953.91	1869.34	84.57
32	Central Inland Water Transport Corpn. Ltd.	-67.26	-147.91	80.65
33	National Fertilizers Ltd.	160.91	85.04	75.87
34	Bharat Heavy Plate & Vessels Ltd.	-78.23	-152.92	74.69
35	Neyveli Lignite Corpn. Ltd	1215.00	1143.51	71.49

Sl. No.	Name of the Enterprise	2004-05	2003-04	Increase
36	Brahmaputra Valley Fertilizer Corpn.	22.54	-44.17	66.71
37	Housing & Urban Dev. Corpn. Ltd.	396.77	332.44	64.33
38	NTC (A.Pradesh, Karnataka, Kerala & Mahe) Ltd.	21.95	-41.93	63.88
39	National Hydroelectric Power Corpn.Ltd.	684.58	621.38	63.20
40	Mazagon Dock Ltd.	69.14	7.92	61.22
41	Container Corporation of India Ltd.	428.60	367.59	61.01
42	M M T C Ltd.	107.18	50.62	56.56
43	Konkan Railway Corporation Ltd.	-305.48	-357.73	52.25
<b>Total</b>		<b>56108.87</b>	<b>35224.09</b>	<b>20884.78</b>

1.19.9 The enterprises, which have shown more than Rs.50 crore during 2004-05 as deterioration in profitability either due to compared to the previous year are given in reduction in profits or increase in losses by table 1.18 below:

**Table 1.18**  
**Decrease in Net Profit/Increase in Net Losse by More than Rs. 50 crore**

(Rs. in crore)

Sl.No.	Name of the Enterprise	2004-05	2003-04	Decrease
1	Praga Tools Ltd.	-34.39	16.04	50.43
2	Hindustan Photo Films Manufacturing Corp. Ltd.	-496.41	-443.03	53.38
3	Central Coalfields Ltd.	279.86	335.86	56.00
4	Dredging Corpn.Of India Ltd.	113.29	169.40	56.11
5	Electronics Corpn. Of India Ltd.	37.13	97.68	60.55
6	Tyre Corporation Of India Ltd.	-56.86	4.55	61.41
7	Bharat Immunologicals & Biologicals Corp. Ltd.	1.33	66.78	65.45
8	Fertilizer Corpn. Of India Ltd.	-1209.85	-1109.53	100.32
9	NTC(Delhi, Punjab & Rajasthan) Ltd.	-56.84	80.03	136.87
10	Cement Corpn. Of India Ltd.	-218.94	-80.95	137.99
11	Heavy Engineering Corpn. Ltd.	-284.58	-129.59	154.99
12	I.B.P. Co. Ltd.	58.87	214.66	155.79
13	Mahanagar Telephone Nigam Ltd.	938.98	1150.47	211.49
14	NTC(Maharashtra North)Ltd.	-262.66	-37.88	224.78
15	Indian Drugs & Pharmaceuticals Ltd.	-512.43	-267.62	244.81
16	NTC(Madhya Pradesh)Ltd.	-44.56	247.73	292.29
17	Eastern Coalfields Ltd.	-679.20	-326.38	352.82
18	NTC(West Bengal, Assam, Bihar & Orissa) Ltd.	-65.08	323.85	388.93
19	Bharat Coking Coal Ltd.	-959.43	-569.85	389.58
20	NTC(Gujarat)Ltd.	-92.90	301.35	394.25
21	NTC(Uttar Pradesh)Ltd.	-46.33	435.12	481.45
22	Power Finance Corporation	984.12	1606.99	622.87
23	Hindustan Petroleum Corpn. Ltd.	1277.33	1903.94	626.61
24	Bharat Petroleum Corpn. Ltd.	965.80	1694.57	728.77
25	Nuclear Power Corpn. Of India Ltd.	1704.59	2604.16	899.57
26	Indian Oil Corporation Ltd.	4891.38	7004.82	2113.44
<b>Total</b>		<b>6232.22</b>	<b>15293.17</b>	<b>9060.95</b>

### 1.19.10 Trend Analysis-

Trend of analysis of Public sector

Enterprises since 1993-94 is given in following table:

**Table 1.19**  
**Trend Analysis**

(Rs. in crore)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
No of operating Enterprises	239	236	236	235	232	234	231	226	230	227
Capital employed	173948	231178	249855	265093	302867	331401	390162	417931	452910	504826
Profit before dep, int, tax & EP (PBDITEP)	40161	44457	53062	56495	62212	69287	89550	101691	127396	142606
Depreciation	12574	13542	15856	16768	19942	20520	26360	28247	31251	33132
DRE/Prel. Exps. Written Off	-	-	-	-	-	-	-	905	1025	983
Profit before int., tax & EP (PBITEP)	27587	30915	37206	39727	42270	48767	63190	72539	95120	108491
Interest	13966	15537	17990	20025	20233	23800	24957	23921	23835	22428
Profit before Tax & EP (PBTEP)	13621	15378	19216	19702	22037	24967	38233	48618	71285	86063
Tax provisions	4047	5192	5634	6499	7706	9314	12255	17499	22134	21661
Net Profit before EP	-	-	-	-	-	-	-	31119	49151	64402
Net Extra Ord. Items & Prior Period Adj.	-	-	-	-	-	-	-	-1225	-3933	-1027
Net profit	9574	10186	13582	13203	14331	15653	25978	32344	53084	65429
Profit of profit making PSEs	14763	16125	20279	22508	24633	28494	36432	43316	61606	74432
Loss of loss incurring PSEs	5188	5939	6697	9305	10302	12841	10454	10972	8522	9003
Profit making PSEs	132	129	134	126	126	123	120	119	139	143
Loss IncurringPSEs	102	104	100	107	105	110	109	105	89	73
PSEs Making no profit/loss	5	3	2	2	1	1	2	2	2	1
Operating PSEs not furnished information	-	-	-	-	-	-	-	-	-	10
Dividend	2205	2836	3609	4932	5455	8260	8068	13769	15288	20713
Dividend tax	-	261	464	537	790	842	8	1193	1961	2851
Retained profit	7369	7089	9509	7734	8086	6551	17902	17382	35835	41865
<b>Financial Ratio (%)</b>										
PBDITEP to Capital employed	23.1	19.2	21.2	21.3	20.5	20.9	22.95	24.33	28.13	28.25
PBITEP to Capital employed	15.9	13.4	14.9	15	14	14.7	16.20	17.36	21.00	21.49
Dividend payout	23	27.8	26.6	37.4	38.1	52.8	31.06	42.57	28.80	31.66

Note: Out of 227 CPSEs in operation, 10 CPSEs have not furnished information. Hence, the analysis is based on the performance data received from 217 CPSEs only.

1.19.11 It may be seen from the above table that there is impressive trend of improvement in the financial performance. Profit before



depreciation, interest and tax has increased from Rs. 40161 crore in 1995-96 to Rs. 142606 crore in 2004-05 thereby registering an increase of 255.09%. Profit before interest and tax during this period has increased from Rs. 27587 crore to Rs. 108491 crore. The increase works out to 293.27%. Profit before interest and tax to capital employed i.e. return on investment

has gone up from 15.9% to 21.49%. Net profit during this period has increased from Rs.9574 crore to Rs.65429 crore, registering an increase of 583.40%.

### Dividend

1.20 The details of Dividend declared by Central Public Sector Enterprises during the last three years is given in table 1.20 below:

**Table 1.20**  
**Dividend Declared by CPSEs**

Sl.No.	Particulars	2004-05	2003-04	2002-03
1	Number of enterprises	95	90	84
2	Dividend declared (Rs. in crore)	20713	15288	13769

1.20.1 The name of enterprises along with amount of dividend declared are indicated in Statement No. 8 of part IV of this Volume.

### Export Earnings

1.21 The foreign exchange earning of Central Public Sector Enterprises is given in following table:

**Table 1.21**  
**Export Earnings**

(Rs. in crore)

Sl.No.	Particulars	2004-05	2003-04	2002-03
1	Export of goods on FOB basis	39941	32977	25477
2	Royalty, know-how, professional and consultancy fee	1080	173	146
3	Interest and dividend	725	452	74
4	Other income	518	1292	599
<b>Total</b>		<b>42264</b>	<b>34894</b>	<b>26296</b>

### Value Added

1.22 The economic justification of any organization lies in its contribution to economy, which is measured in terms of value it has added. This is more relevant to enterprises manufacturing/producing and selling goods. Hence, the Value added has been calculated only for enterprises

manufacturing/producing and selling goods. The value added by public sector enterprises manufacturing/producing and selling goods was Rs.166743.32 crore during the year. Details of these figures together with percentage of improvement or decline in current year over previous year are given in Statement 9 in part-IV of this Volume.

## Internal Resources

Central Public Sector Enterprises in the last ten years are given below:

1.23 The internal resources generated by

**Table 1.22**  
**Internal Resources Generation**

(Rs. in crore)

Year	Enterprises	Details of Internal Resources			
		Depreciation	DRE Written Off	Retained Profits	Total
1994-95	140	9718	449	9825	19992
1995-96	143	11777	462	11959	24198
1996-97	144	12827	299	12428	25554
1997-98	144	15280	289	15623	31192
1998-99	136	14411	285	16606	31302
1999-00	135	17521	247	18165	35933
2000-01	134	19364	344	18103	37811
2001-02	130	24361	255	27928	52544
2002-03	128	26890	565	27778	55233
2003-04	151	30527	765	44117	75409
2004-05	149	32468	539	50847	83854

1.23.1 The generation of gross internal resources by operating enterprises has increased to Rs. 83854 crore during the year as compared to Rs.75409 crore during the previous year.

1.23.2 The amount of net internal resources (after utilisation internally) available for

financing the plan schemes of public enterprises, as culled out from the Annual Budget documents is given in Table 1.23 below. The Table also lists out amount of extra budgetary resources raised by public enterprises, budgetary support received from the Government and the total plan outlay for last five years.

**Table 1.23**  
**Resource Mobilisation and Plan Investment**

(Rs. in crore)

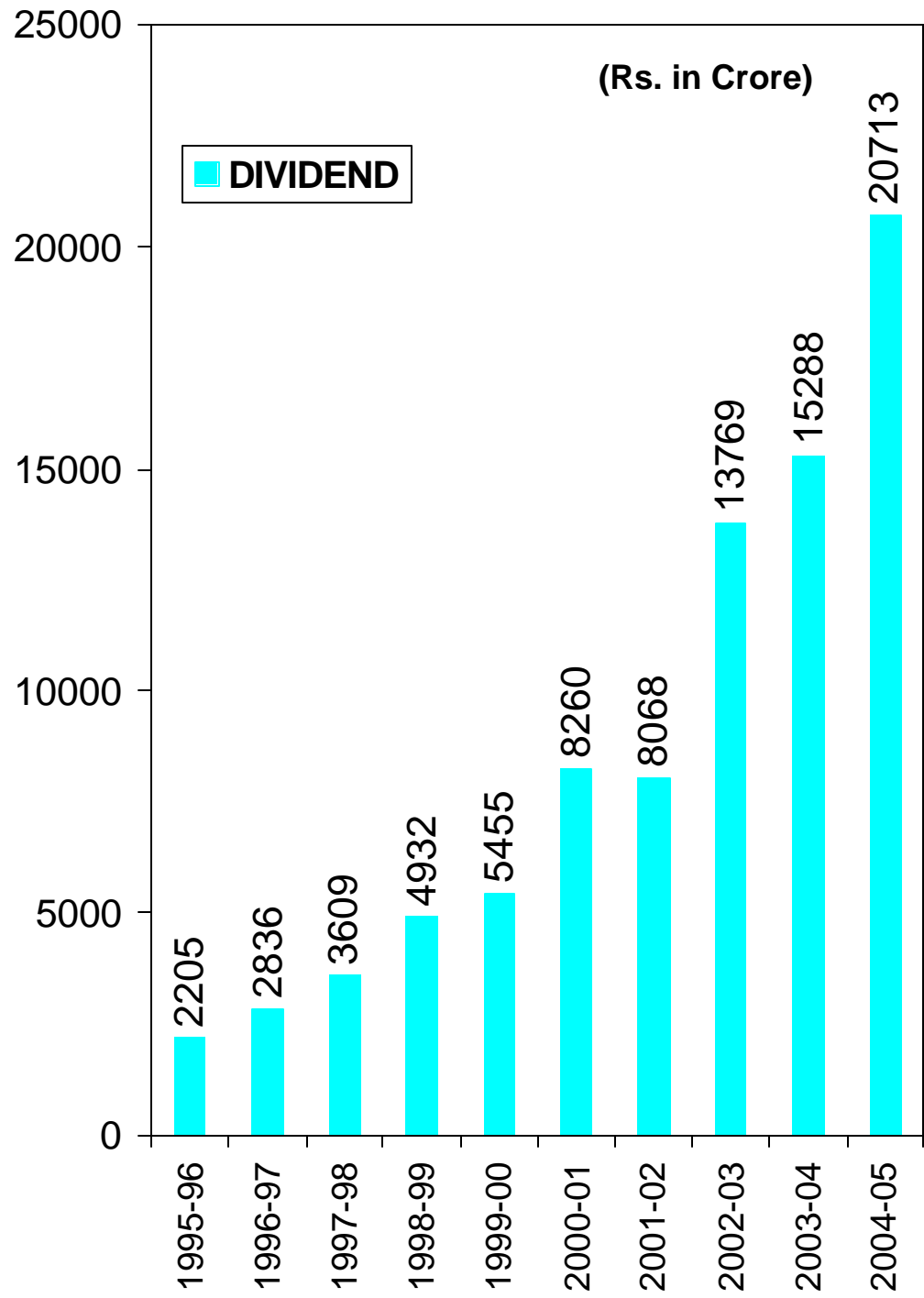
Year	Net Internal Resources	Extra Budgetary Resources	Budgetary Support	Plan Outlay
1999-00	13245.95	17700.37	4528.66	35474.98
2000-01	25046.96	18007.71	4472.09	47526.76
2001-02	25744.98	24713.19	4909.70	55367.87
2002-03	32858.83	21017.05	5313.91	59189.79
2003-04	31103.29	26855.66	5014.46	62973.41
2004-05	32222.46	26006.52	5090.24	63319.22

### Contribution to Central Exchequer—

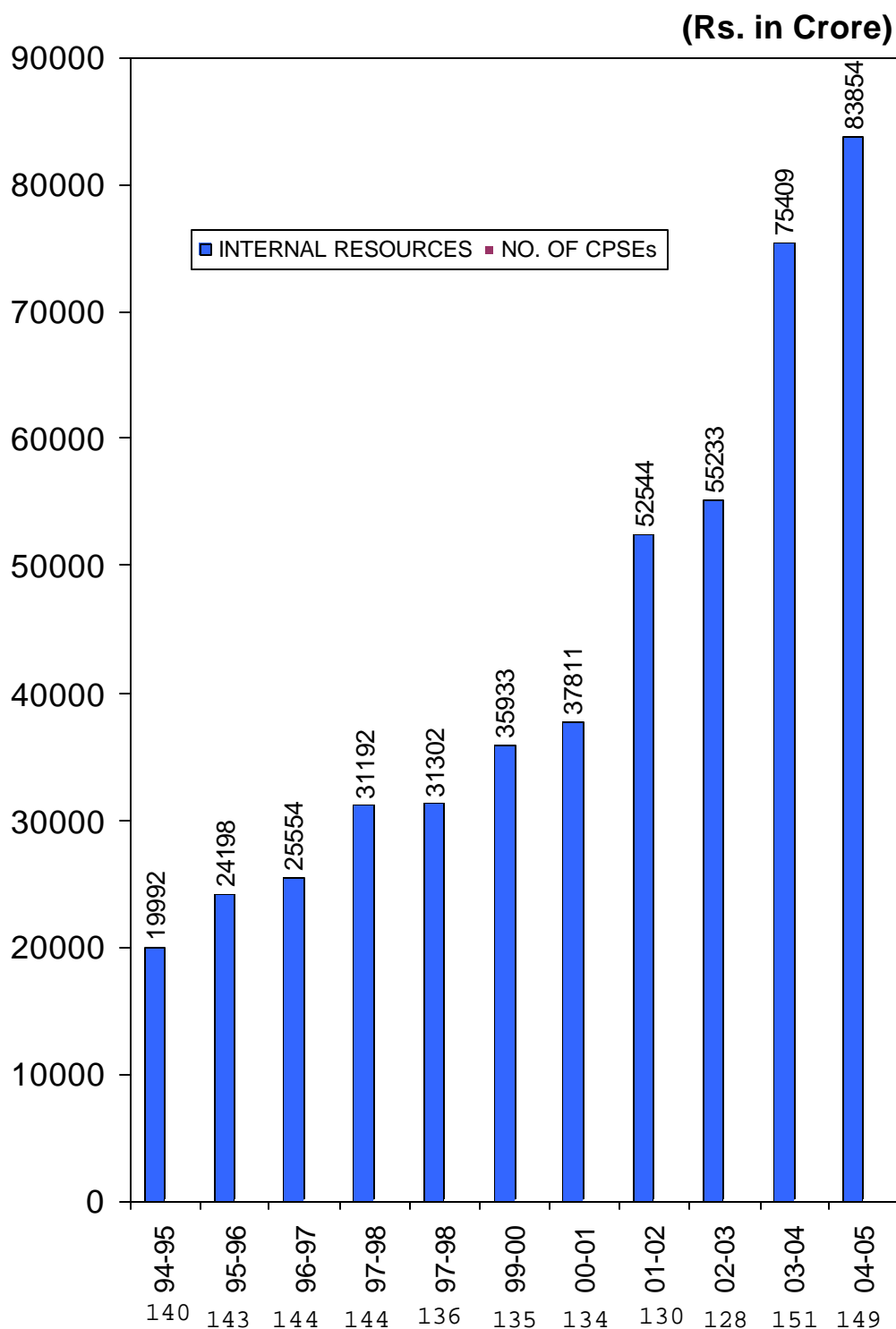
1.24 Apart from generation of internal resources, these enterprises have been

making substantial contribution to augment the resources of the Central Government through payment of dividends, interest, corporate taxes, excise duty, customs duty

**FIGURE 1.5**  
**DIVIDEND**



**FIGURE 1.6**  
**INTERNAL RESOURCES GENERATION**



and other duties, thereby helping in mobilisation of funds for financing the needs for planned development of the country.

Contribution of public sector enterprises to central exchequer on actual basis for the last three years is given in following table:

**Table 1.24**  
**Contribution to Central Exchequer on Actual Basis**

(Rs. in crore)

Sl. No.	Particulars	2004-05	2003-04	2002-03
<b>1</b>	<b>On Investment by Central Govt. in CPSEs</b>			
	A. Dividend	15200.85	9596.45	9496.12
	B. Interest	731.67	794.32	1367.92
	<b>Total (1)</b>	<b>15932.52</b>	<b>10390.77</b>	<b>10864.04</b>
<b>2</b>	<b>Taxes &amp; Duties</b>			
	A. Excise Duty	44260.14	42963.75	40000.32
	B. Custom Duty	10429.53	8408.67	7344.81
	C. Corporate Tax	23613.56	17936.29	17976.56
	D. Dividend Tax	2742.49	1613.00	320.15
	E. Sales Tax	4488.45	3821.62	4164.07
	F. Other Duties & Taxes	9132.50	3901.23	1197.12
	<b>Total (2)</b>	<b>94666.67</b>	<b>78644.56</b>	<b>71003.03</b>
<b>3</b>	<b>Total contribution (1+2)</b>	<b>110599.19</b>	<b>89035.33</b>	<b>81867.07</b>

### Contribution to the country's Economy

1.25 Public sector occupy a key position in the nation's economy in several sectors,

especially in the production of fuel, petroleum, basic metal, non-ferrous metal and fertilizers as can be seen from Table 1.25 given below:-

**Table 1.25**  
**Public Sector's Contribution to Total Industrial Production**

Item	National Production (NP)		Public Sector's Production (PSP)		PSP to NP (%)	
	1968-69	2004-05	1968-69	2004-05	1968-69	2004-05
<b>Fuel (Million Tonnes)</b>						
Coal	71.40	382.62	12.61	358.88	17.66	93.80
Lignite	3.98	30.34	3.98	21.57	100.00	71.09
<b>Petroleum (Million Tonnes)</b>						
Crude Oil	6.06	33.98	3.08	29.68	50.83	87.34
Natural Gas	NA	31.76	NA	24.98	NA	78.65
Refinery Crude	16.55	127.12	8.09	92.81	48.88	73.01
<b>Basic Metal Industries (Million Tonnes)</b>						
Finished Steel	4.58	40.64	2.55	12.32	55.68	30.31
<b>Non Ferrous Metals ( 000 Tonnes)</b>						
Aluminium	125.3	886.26	Nil	338.48	Nil	38.19
Primary Lead	1.9	15.89	1.9	Nil	100.00	Nil
Zinc	17.0	212.28	13.7	Nil	80.59	Nil
<b>Fertilizers (000 Tonnes)</b>						
Nitrogenous	563	11339	401	3054	71.23	26.93
Phosphatic	213	4067	53	266	24.88	6.54

## Balanced Regional Development

1.26 Speed of industrialisation is necessary for correcting regional imbalances and accelerating industrial growth. The pace of economic development of different States and Regions in the country has not been uniform over the years owing to historical reasons and a number of other factors. Even the States, which are fairly well developed, have pockets which have not been able to keep pace with the progress achieved elsewhere. The absence of industries in certain parts of the country is often due to factors such as non-availability of raw materials or other resources. In this context, public enterprises have a vital role to play since the setting up of large industries in public sector help in improving employment opportunities, growth of small scale and ancillary industries, development of infrastructural facilities, etc. While deciding the location of central public enterprises, due consideration is given to the requirement of various regions. The quantum of investment in terms of gross block in different States/ Union Territories, percentage share of different States to the total and the ranking of each State are given in Chapter 16 of this Volume.

## Disinvestment

1.27 The policy of the Government on Disinvestment has evolved over the last decade and is generally announced through the Budget Speech of the Finance Minister.

1.27.1 A Public Sector Disinvestment Commission was constituted in 1996 for a period of three years and its term was further extended till November, 1999. The Commission submitted reports on 58 CPSEs. In July, 2001, the Commission was reconstituted for a period of two years and after a subsequent extension, it was wound up on 31<sup>st</sup> October, 2004. The reconstituted Commission submitted reports on 41 CPSEs, including 4 review cases.

1.27.2 Disinvestment of Government equity in CPSEs began in 1991-92. Till 1999-2000, disinvestment was primarily through sale of minority shares in small lots. From 1999-2000 till 2003-04, the emphasis of disinvestment changed in favour of Strategic Sale. At present, the emphasis is to list large, profitable CPSEs on domestic stock exchanges and to selectively sell small portions of equity in listed, profitable CPSEs (other than the navratnas). The proceeds from disinvestment from April, 1991 to November, 2005 amounted to Rs.47,671.62 crore.

## Capacity Utilisation

1.28 The capacity utilization of manufacturing/producing enterprises indicating the number of enterprises which achieved more than 75%, between 50% and 75% and below 50% capacity utilization for 2004-05 and previous two years is given in Table 1.26 below. PSE wise details of capacity utilization is available in Chapter 9. of this volume.

**Table 1.26**  
**Capacity Utilisation in Public Enterprises**

Description	2004-05	2003-04	2002-03
Units which have recorded 75% or more capacity utilization	98(58)	87(53)	84(54)
Units which have recorded 50% or more but less than 75% capacity utilization	28(17)	32(19)	29(19)
Units which have recorded less than 50% capacity utilization	42(25)	47(28)	41(27)
<b>Total</b>	<b>168 (100)</b>	<b>166 (100)</b>	<b>154 (100)</b>

## Management of Inventories

1.29 Materials management plays a significant role in the operational efficiency and profitability of an enterprise. It helps in achieving higher return on investment by minimizing locked up working capital and also

in improving the cash flow and liquidity position. Materials management therefore, requires to be given adequate importance in the present context where the thrust is on performance. The level of inventories has come down over the years as may be seen from Table 1.27 given below:-

**Table 1.27**  
**Value of Inventories held by Public Enterprises**

(Rs. in crore)

As on	Total Inventories	Cost of Production/ Services rendered	Inventories in No. of days of Cost of Production / Services rendered
31.3.1970	892	1814	179
31.3.1975	2698	8118	121
31.3.1980	6223	20110	113
31.3.1985	12639	49804	93
31.3.1990	21868	96118	83
31.3.1991	24938	106283	86
31.3.1992	27341	119432	84
31.3.1993	32580	131958	90
31.3.1994	32773	137713	87
31.3.1995	33770	159425	77
31.3.1996	37477	195105	70
31.3.1997	40815	206658	72
31.3.1998	41661	218940	69
31.3.1999	44404	278720	58
31.3.2000	52414	354446	54
31.3.2001	50717	425100	44
31.3.2002	52175	431362	44
31.3.2003	58282	466444	46
31.3.2004	59705	513334	42
31.3.2005	73814	625432	42

**Note:-** The above figures do not include value of inventories held by the Food Corporation of India, the Cotton Corporation of India Ltd. and the Jute Corporation of India Ltd., as these Corporations make large-scale purchases and maintain stock as deliberate policy of the Government. Further, the public

sector enterprises operating in Industrial Development and Technical Consultancy Services, Tourist Services, Financial Services as well as Section 25 companies have also been excluded. Detailed review on Inventories is given in Chapter 11 of this volume.

## Employment and Employees Welfare

1.30 As on 31.3.2005, 237 Central Public Sector Enterprises employed over 16.93 lakh people excluding casual workers. The

average annual per capita emoluments over the years may be seen from Table 1.28 below:-

**Table 1.28**  
**Employment and Average Annual Emoluments**

Year	No. of Employees (In lakh)	Average Annual per Capita Emoluments (Rs.)	% Increase in Average Annual Emoluments
1991-92	21.79	56508	14.90
1992-93	21.52	64983	15.00
1993-94	20.70	72043	10.86
1994-95	20.62	82517	14.54
1995-96	20.52	106876	29.52
1996-97	20.08	110662	3.54
1997-98	19.59	129582	17.10
1998-99	19.00	138179	6.63
1999-00	18.06	168339	21.83
2000-01	17.40	219672	30.49
2001-02	19.92*	193554	(-)11.89
2002-03	18.66	225986	16.76
2003-04	17.62	248481	9.95
2004-05	16.93	286888	15.46

\*During the year 2001-02, BSNL has been included in the Survey.

1.30.1 Large scale employment by public enterprises has over the years, led to a situation where some of the enterprises are saddled with over employment or excess manpower resulting in low level of per capita productivity. Government had initiated a voluntary retirement scheme in public sector enterprises during 1988 to help them shed excess manpower and to improve the age-mix and the skill-mix. Simultaneously, their training and re-training programmes are also being given substantial uplift to bring about overall improvement in per capita productivity.

1.30.2 The basic parameters of the model Voluntary Retirement Scheme (VRS) which were notified by the Government vide Department of Public Enterprises' OM dated 5.10.1988 and 6.1.1989 were in force since 1988 till April, 2000. Government have improved upon the said scheme and introduced new schemes of VRS on 5.5.2000 and again on 6.11.2001. As per the available information, about 5.53 lakh employees opted for Voluntary Retirement Scheme (VRS), till 31.3.2005.



1.30.3 The policy of reservation for Scheduled Castes and Scheduled Tribes is being implemented in public enterprises.

Table 1.29 below shows the representation of these categories in the total employment of PSEs.

**Table 1.29**  
**Employment of Scheduled Castes, Scheduled Tribes and**  
**Other Backward Classes in CPSEs**

Group	Total No. of Employees	Representation of SC/STs/OBCs					
		SCs No.	% age	STs No.	% age	OBCs No.	% age
As on 1.1.2005 (Based on information furnished by 211 enterprises)							
Group 'A'	1,65,405	20,864	12.61	6,607	3.99	10,410	6.29
Group 'B'	1,54,174	20,335	13.18	9,444	6.12	13,001	8.43
Group 'C'	6,64,501	1,31,204	19.74	64,957	9.77	1,13,407	17.06
Group 'D'							
(excluding Safai Karamcharis)	2,42,973	53,027	21.82	34,594	14.23	54,845	22.57
Total	12,27, 053	2,25,430	18.37	1,15,602	9.42	1,91,663	15.61
Group 'D'	15,543	12,072	77.66	469	3.01	557	3.58
(Safai Karamcharis)							
Grand Total	12,42,569	2,37,502	19.11	1,16,071	9.34	1,92,220	15.46

### Employees Welfare

1.31 The Public Enterprises as model employers, have always recognized their social responsibility for provision of housing facilities to their employees. This is specially true in the cases of green field projects which are usually located away from the towns and villages. Housing is a major contributory factor in bringing about an attachment and a sense of belongingness of the employees with their enterprises and in promoting better well-balanced industrial development including higher productivity. Public Sector Enterprises besides providing housing, have taken a lead in providing essential community facilities like health care, education, shopping and recreation centers etc. in their townships. Public Sector Enterprises are incurring significant expenditure on the provision of these basic amenities. Detailed review on socio-economic and welfare measures is given in Chapter 15 of this volume.

### Wage Policy

1.32 In respect of workmen following IDA pattern scales of pay, complete autonomy has been allowed to the managements of CPSEs to negotiate revision of pay scales for the workmen within certain stipulated conditions. The latest wage negotiation to be entered into between managements and the workers' unions, was to take effect from 1.1.1997 for 10 year periodicity and 1.1.2002 for five year periodicity. The Government orders were issued on 14.1.1999, 26.7.2000 and 11.2.2004 to this effect as under:

1.32.1 For the unionized employees covered by the IDA pattern pay scales in the Central Public Enterprises, the Government have decided to allow the option to opt for either: -

- i. A ten year periodicity of pay revision with 100% neutralization of DA as set out in the guidelines issued on 14.1.1999 OR

- ii. A five year periodicity on the basis of graded neutralization as did exist previously i.e. from 1.1.1992 to 31.12.1996.

1.32.2 The CPSEs who had opted earlier for five year wage negotiation for workmen have been allowed wage negotiation for a period of five years with effect from 1.1.2002. Some of the CPSEs have already implemented this negotiated wage settlements.

1.32.3 The pay scales in respect of workmen following CDA pattern scales of pay are revised as per the recommendations of the Central Pay Commission and Government decision thereon for the Central Government employees.

### **Pay Revision for Executives**

1.32.4 The last pay revision for the IDA executives and non-unionized supervisors was done w.e.f 1.1.1997 for a period of ten years based on the recommendations of Justice Mohan Committee and consequent DPE's O.M dated 25.6.1999. For the employees following CDA pattern pay, their pay scales are governed by the recommendations of the Central Pay Commission and Government decisions thereon for the Government employees. The benefits allowed to Government employees are also extended to them as per the Supreme Court directions.

1.32.4.1 As per the recommendations of the High Power Pay Committee and Supreme Court directive thereon, the employees following CDA pattern of scales of the Central Public Sector Enterprises would get pay revision only as and when similar changes are effected for the Central Government employees.

### **Scheme for Counselling, Retraining and Redeployment (CRR)**

1.33 Considering the emerging need to have a safety net for employees taking voluntary retirement, Government had established National Renewal Fund (NRF) in February, 1992 broadly to cover the

expenses of VRS and to provide retraining to the workers in the organized sector. The NRF was abolished in February, 2000. The retraining activity was administered by Department of Industrial Policy & Promotion till 31<sup>st</sup> March, 2001. The scheme for Counselling, Retraining and Redeployment (CRR) of rationalized employees of CPSEs is under implementation by Department of Public Enterprises since 2001-02.

1.33.1 The scheme for Counselling, Retraining and Redeployment (CRR) inter-alia aims:

- to provide opportunity for self-employment.
- to reorient rationalized employees through short duration programmes.
- to equip them for new avocations.
- to engage them in income generating self-employment.
- to help them rejoin the productive process.

1.33.2 The main elements of the CRR programme are Counselling, Retraining and Redeployment. Besides, a new element of sensitization programme has also been included under CRR programme.

### **Board Structure of PSEs**

1.34 The Department of Public Enterprises formulates policy guidelines on the Board structure of public enterprises and advises on the shape and size of organizational structure of PSEs. The public enterprises are categorized in four Schedules namely 'A', 'B', 'C' and 'D' based on various quantitative, qualitative and other factors. The quantitative factors are: investment, capital employed, net sales, profit before tax, number of employees, number of units and value added per employee. Qualitative factors are : national importance, complexities of problems, level of technology, prospects for expansion and diversification of activities and competition from other sectors, etc. while the other relates to the strategic importance of

the corporation. The pay scales of Chief Executives and full time Functional Directors in PSEs are determined as per the schedule of the concerned enterprise.

1.34.1 Proposals received from the administrative Ministries/Departments for categorization /upgradation of PSEs are considered in DPE in consultation with PESB. During 2004-05, DPE examined 17 proposals relating to categorization of PSEs in

appropriate schedule, creation of posts, etc. As a result, 3 PSEs were categorized in appropriate schedule, 2 PSEs were upgraded to the next higher schedule and 6 posts of Functional Directors created.

1.34.2 As on 31.3.2005, there were 52 Schedule 'A', 87 Schedule 'B', 55 Schedule 'C' and 07 Schedule 'D' enterprises. The details of the Board level posts (whole time) are given in the table below:

Schedule	Chief Executive		Whole Time Director	
	2004	2005	2004	2005
Schedule 'A'	51	52	-	-
Schedule 'B'	87	87	185	194
Schedule 'C'	54	55	211	207
Schedule 'D'	09	07	67	68
<b>Total</b>	<b>201</b>	<b>201</b>	<b>463</b>	<b>469</b>

### Professionalisation of Boards

1.35 In pursuance of the public sector policy being followed since 1991 several measures have been taken by the Department of Public Enterprises to professionalize the Boards of public enterprises. The guidelines issued in 1992 provide that outside professionals should be inducted on the Boards of PSEs in the form of part-time non-official Directors and that the number of such Directors should be at least 1/3<sup>rd</sup> of the actual strength of the Board. The guidelines also provide that the number of Government Directors on the Boards should be not more than one-sixth of the actual strength of the Board subject to a maximum of two. Apart from this there should be some functional Directors on each Board whose number should not exceed 50% of the actual strength of the Board. In the case of listed PSEs headed by executive Chairman the number of non-official Directors (Independent Directors) should be at least half of the strength of the Board.

1.35.1 Appointments of part-time non-official Directors on the Boards of PSEs are made by the administrative Ministries/Departments from the panel prepared in consultation with the Department of Public Enterprises. In so

far as Navratna/Miniratna PSEs are concerned, the panel of non-official Directors is prepared by the Search Committee consisting of Chairman (PESB), Secretary (DPE), Secretary of the administrative Ministry/Department of the PSE, and four other non-official Members. According to the Navratna/Miniratna scheme, the Boards of these companies should be professionalised by inducting a minimum of 4 non-official Directors in the case of Navratna and 3 non-official Directors in the case of Miniratnas before the Boards exercise the enhanced powers.

### Memorandum of Understanding

1.36 On the recommendations of Sen Gupta Committee report, the Government of India introduced the concept of Memorandum of Understanding (MOU) in 1988. MOU is an instrument which defines clearly relationship of the PSE with the Government and clarifies the respective roles of the PSEs as well as the Government in order to achieve better performance. The MOU is also an attempt to bring a proper balance between accountability and autonomy. The emphasis is on achieving the negotiated and agreed objective rather than interfering in day to day affairs of the PSEs. During the year 1987-88, 4 CPSEs signed MOUs and in 2004-05,

99 CPSEs signed MOUs. Details of MOUs are given in chapter 14 of this volume.

### **Sickness and Revival of Central Public Sector Enterprises**

1.37 Sickness in enterprises needs to be seen as cyclical occurrence. Out of 227 operating CPSEs as on 31.3.2005, 73 CPSEs had incurred a loss of Rs.9003 crore. Owing to complete erosion of networth, 73 industrial CPSEs were registered with the Board for Industrial and Financial Reconstruction (BIFR) upto 30.6.2005 for formulation and sanction of revival schemes.

1.37.1 Reasons for losses/ sickness are manifold and may vary from unit to unit. However, some common problems faced/ being faced by sick and loss making CPSEs include old and obsolete plant and machinery, outdated technology, low capacity utilization, excess manpower, weak marketing strategies, stiff competition, reluctance of financial institutions to provide funds for revival/ rehabilitation, heavy interest burden, high input cost, resource crunch, erosion of networth due to continuous losses and inherent problems of sick taken over enterprises.

1.37.2 The problem of sickness in CPSEs is addressed by the administrative Ministries/ Departments in the Government by evolving appropriate need based strategy concerning a particular PSE. Some of the strategies for restructuring / revival of CPSEs including sick units on long-term basis may include:-

- Revival through the process of BIFR;
- Financial restructuring;
- Formation of joint venture by induction of partners capable of providing technical, financial and marketing inputs; and
- Organizational restructuring and manpower rationalization through approved Voluntary Retirement Scheme (VRS).

1.37.3 The National Common Minimum Programme stipulates for a strong and effective Public Sector whose social objectives are met by its commercial

functioning. Endeavour is to modernize and restructure sick CPSEs and revive sick industry. Only the chronically loss making CPSEs may be closed down or sold off after all the employees are paid their legitimate dues.

1.37.4 Under the present arrangements, Board for Industrial and Financial Reconstruction (BIFR) decides the viability and sanctions rehabilitation schemes for sick industrial PSEs under the provisions of Sick Industrial Companies Act, 1985 (SICA). For other CPSEs, the concerned administrative Ministries/ Departments explore various options for restructuring/ rehabilitation of the enterprises under their control on case-to-case basis in consultation with all stakeholders including workers. Detailed review is given in Chapter 19.

1.37.5 The Sick Industrial Companies Act (SICA), 1985 was amended in 1991 so as to bring industrial public sector enterprises under its purview. A company is termed sick if at the end of any financial year, it has accumulated losses equal to or exceeding its entire net worth. Such industrial company is required to be referred to BIFR for formulation of rehabilitation/ revival plan. 73 sick industrial CPSEs were registered with BIFR upto 30.6.2005 and out of these 3 have been declared 'no longer sick' and the cases of two have been dropped due to their net worth becoming positive.

1.37.6 Government has set up a Board for Reconstruction of Public Sector Enterprises (BRPSE) in December, 2004 to advise the Government on the measures to be taken to restructure PSEs, including cases where disinvestments or closure or sale are justified. The Board comprises a part-time Chairman, three part-time Non-Official Members and three part-time Official Members including Secretary, Department of Public Enterprises as Member Secretary. The Board is serviced by DPE. The concerned administrative Ministries have been advised to refer proposals of their CPSEs identified as 'sick' for consideration of the BRPSE. BRPSE has made recommendations in respect of 28 CPSEs till 8.2.2006.