

# Annual Report

2006-2007



सत्यमेव जयते

**Ministry of Heavy Industries and Public Enterprises**  
**Government of India**





▲ Pandit Jawahar Lal Nehru, first Prime Minister of India, looking at the first 1 MVA transformer manufactured by Heavy Electricals (India) Limited (now known as Bharat Heavy Electricals Limited), while dedicating the plant to the nation on 6th November, 1960.

▼ Shri Sontosh Mohan Dev, Union Minister for Heavy Industries and Public Enterprises, at Prena Sthal, BHEL Bhopal Plant, on the occasion of Golden Jubilee celebrations of BHEL Bhopal Plant, on 6th November, 2006



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**Government of India**

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# Ministry of Heavy Industries and Public Enterprises

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# Chapter 1

## Introduction

1.1 The Ministry, comprising the Department of Heavy Industry and the Department of Public Enterprises, functions under the charge of Cabinet Minister (Heavy Industries and Public Enterprises) who is supported by the Minister of State. The Ministry focuses on promoting the development and growth of capital goods and engineering industry in the country, framing of policy guidelines for Central Public Sector Enterprises (CPSEs) and administratively dealing with 48 CPSEs.

### Department of Heavy Industry (DHI)

1.2 The Department of Heavy Industry is concerned with the development of the heavy engineering industry, machine tool industry, heavy electrical industry, industrial machinery and auto-industry and administers 48 CPSEs. The industries covered by this Department provide goods and services for almost all sectors of the economy, including power, rail and road transport. The Ministry also looks after the Machine Building Industry catering to the requirements of equipment for basic industries such as steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, paper, cement, sugar, etc. The Department supports the development of a wide range of intermediate engineering products like castings, forgings, diesel engines, industrial gears and gear boxes. The Department also administers:

- (i) NATRiP Implementation Society (NATIS) set up in July 2005 for guiding the implementation of the National Automotive Testing and R&D Infrastructure Project (NATRiP), and
- (ii) Fluid Control Research Institute, Palakkad, which caters to the needs of the flow industry for calibration.

Allocation of Business for the Department of Heavy Industry is given at Annexure I.

- 1.3 The Department maintains a constant dialogue with various Industry Associations and encourages initiatives for the growth of industry. The Department also assists the industry in achievement of their growth plans through policy initiatives, suitable interventions for restructuring of tariffs and trade, promotion of technological collaboration and up-gradation, and research & development, etc.
- 1.4 The CPSEs under the Department are engaged in manufacture of engineering/capital goods, consultancy and contracting services. The enterprises under the Department produce a wide range of products ranging from machine tools, industrial machinery, boilers, gas/steam/hydro turbines, turbo generators, electrical equipment, and railway traction equipment, pressure vessels, AC locomotives, prime movers, and agricultural tractors, consumer products such as watches, paper, tyres and salt. The Department also has a minority equity stake in Maruti Udyog Ltd., a joint sector company in the auto sector.
- 1.5 The Department of Heavy Industry is headed by a Secretary to the Government of India who is supported by an Economic Adviser, a Technical Wing and an Integrated Finance Wing. The organizational chart of the Department is given at Annexure II.

### Citizens Charter

- 1.6 The Department of Heavy Industry is committed to the goal of effective and responsive administration. Following steps have been taken in this direction:
  - (i) As part of the effort to streamline the system of redressal of public grievances and staff grievances, a Joint Secretary and a Director in this Department are functioning as Joint

- Secretary (Public Grievances) and Director (Staff Grievances) in order to ensure that the grievances are redressed in time.
- (ii) In an effort to computerize various matters in the Department, a Joint Secretary has been designated as IT Manager who is also responsible for periodically updating the website of the Department.
  - (iii) A Nodal Officer of the rank of Director has been designated in the Department for the redressal of grievances of Pensioners.
  - (iv) For the purpose of settlement of grievances of the staff (disputes in Lok Adalat) a Nodal Officer of the rank of Director has been designated in the Department in respect of officers/staff members working in the Department.
  - (v) The Annual Reports of the Department (both in English and Hindi) and other important information including initiatives and new policies are made available on the web-site of the Department, www.dhi.nic.in .
  - (vi) An officer of the rank of Deputy Secretary has been designated as CPIO to provide information under the RTI Act.
  - (vii) An officer of the rank of Director in the Department has been nominated as liaison officer for the matters relating to SCs/STs/OBCs in the Department and CPSEs under its control.
  - (viii) Public Sector Enterprises function under the Indian Companies Act, 1956 and the guidelines laid down by the Department of Public Enterprises.
  - (ix) Efforts are made by the CPSEs to follow the instructions issued by the Government from time to time to promote the welfare of persons with disabilities. Persons with disabilities are provided facilities like special conveyance allowance, preferential residential accommodation, wherever possible, and additional amenities and facilities to enable them to discharge their duties and facilitate their integration into the mainstream workforce.
  - (x) In order to create adequate awareness regarding human rights, especially of

female employees, Department of Heavy Industry, in accordance with the directions issued by the Government for the preservation and enforcement of rights to gender equality and justice to working women employees, has constituted a Complaint Committee for redressal of complaints related to sexual harassment of women.

- (xi) Department of Heavy Industry encourages women employees to freely participate in all activities like seminars, competitions, training, meetings etc. to ensure their integration into the mainstream workforce.

### Department of Public Enterprises ( DPE)

- 1.7 In their 52nd Report, the Estimates Committee of 3rd Lok Sabha (1962-67) stressed the need for setting up a centralized coordinating unit, which could also make continuous appraisal of the performance of public enterprises. This led to the setting up of the Bureau of Public Enterprises (BPE) in 1965. As a result of the reorganization of the Ministries/Department of the Union Government in September, 1985; BPE was made part of the Ministry of Industry. In May, 1990, BPE was made a full-fledged Department and is now known as the Department of Public Enterprises (DPE). Presently, it is a part of Ministry of Heavy Industries & Public Enterprises.
- 1.8 The Department of Public Enterprises acts as a nodal agency for all Central Public Sector Enterprises (CPSEs) and formulates policy pertaining to the role of PSEs in the economy as also in laying down policy guidelines on performance improvement and evaluation, autonomy and financial delegation, personnel management and in related areas for the CPSEs. It also collects, evaluates and maintains information on several areas in respect of CPSEs. DPE is the interface between the administrative Ministries and the CPSEs.
- 1.9 The public sector policy under the National Common Minimum Program (NCMP) envisages a strong and effective public sector by strengthening, modernizing, reviving and restructuring the PSEs. Accordingly, a Board for Reconstruction of Public Sector Enterprises (BRPSE) has been set up under the administrative

charge of the Department of Public Enterprises to consider inter-alia, revival/restructuring proposals of sick/loss making CPSEs and make suitable recommendations related thereto.

1.10 As per Allocation of Business Rules of the Government, the following subjects have been allocated to the Department of Public Enterprises:-

- Bureau of Public Enterprises including Industrial Management Pool.
- Coordination of matters of general policy of non-financial nature affecting all public sector industrial and commercial undertakings.
- Matters relating to Memorandum of Understanding, mechanism for improving the performance of public sector undertakings.
- Matters relating to Permanent Machinery of Arbitration for the Public Sector Undertakings.
- Matters relating to Counselling, Retraining and Redeployment of rationalized employees of CPSEs.

1.11 The Department of Public Enterprises acts as the nodal agency for all Central PSEs and formulates policy pertaining to the role of CPSEs in the economy and also in laying down guidelines on performance evaluation, autonomy and financial delegation, personnel management and in related areas concerning PSEs. It collects, evaluates and maintains information on key areas in respect of CPSEs. In fulfilling its role, it coordinates with other Ministries, CPSEs and concerned organisations. The important tasks of the Department are listed below:

- (i) To coordinate matters of general policy of non-financial nature relating to public sector enterprises.
- (ii) Matters relating to issue of Presidential Directives and guidelines to public sector enterprises.
- (iii) Formulation of policy guidelines pertaining to public sector enterprises in areas like board structures, personnel management, performance improvement and evaluation, financial management, wage settlement, management, performance appraisal, etc. vigilance management.

- (iv) Review of Navratna/Mini Ratna CPSEs.
- (v) Matters relating to Purchase Preference Policy.
- (vi) Policy matters relating to composition of Board of Directors of PSEs, categorization of top posts, scheduling of PSEs.
- (vii) Notification of pay scales of Board level executives as well as below Board level personnel and unionized workers and the DA admissible thereon at periodic intervals.
- (viii) Policy relating to deputation of Government officers to public sector enterprises.
- (ix) To act as a repository of data and to bring out an annual survey of CPSEs known as Public Enterprises Survey.
- (x) Matters relating to Memorandum of Understanding between the public sector enterprises and the administrative Ministries/Departments.
- (xi) Voluntary Retirement Scheme in CPSEs.
- (xii) Matters relating to Counseling, Retraining and Redeployment Scheme (CRR) for rationalized employees of CPSEs
- (xiii) To consider matters relating to Board for Reconstruction of Public Sector Enterprises (BRPSE).
- (xiv) Matters relating to reservation of posts in the public sector enterprises for certain classes of citizens.
- (xv) Settlement of disputes through Permanent Machinery of Arbitration (PMA) among Public Sector Enterprises and between Public Sector Enterprises and government departments except disputes relating to tax matters.
- (xvi) Matters relating to International Centre for Promotion of Enterprises (ICPE).
- (xvii) Matters relating to Standing Conference of Public Enterprises (SCOPE).
- (xviii) Matters relating to delegation of powers to Board of Directors.

1.12 Department of Public Enterprises is headed by a Secretary to the Government of India, assisted by an establishment with an overall sanctioned strength of 128 officers/personnel. The organizational structure of DPE is at Appendix 1.

# Chapter 2

## Highlights

- 2.1 Board for Reconstruction of Public Enterprises (BRPSE) has, since inception, considered proposals of 46 CPSEs and given its recommendations in respect of 40 CPSEs till Dec.,06. Out of the 40 cases recommended upon, the Government has given its decisions in case of 21 CPSEs till Dec.,06.
- 2.2 Foundation stone of Global Automotive Research Centre under National Automotive Testing and R&D Infrastructure Project Society (NATIS) was laid by the Hon'ble Prime Minister in the august presence of Smt. Sonia Gandhi, Chairperson, UPA, at Oragadam, Chennai on 4th November, 2006.
- 2.3 Two Central Public Sector Enterprises under the Department of Heavy Industry, namely, BHEL and HMT Limited, participated in Hannover Fair held in Germany from April 24 -28 April,2006. These two CPSEs showcased their products, mainly in the Heavy Electricals and Machine Tools Sector.
- 2.4 Minister for Heavy Industries and Public Enterprises inaugurated India Day in Hannover Fair (Germany) held on 21st September, 2006 for commercial automobile sector.
- 2.5 Indo-German Symposium on Alternative Drives and Fuels was organized on September 9, 2006 in



Dignitaries at the Foundation Laying Ceremony of GARC at Chennai under NATRiP on 4th Nov., 2006.



Hon'ble Prime Minister of India, Shri Manmohan Singh along with Hon'ble M(HI & PE), Shri Sontosh Mohan Dev, unveils the "Automotive Mission Plan" on 29th Jan., 2007

New Delhi. The symposium was attended by the representatives of the Govt. and major automobile manufacturers of Germany.

The Indian side was represented by Minister (Heavy Industries & Public Enterprises) and leading automobile and component manufactures. During the course of symposium, the Society of Automobile Manufacturers of India (SIAM) signed an MoU with the German Auto Industries for mutual cooperation.

- 2.6 Hon'ble Prime Minister released the first copy of the Automotive Mission Plan(AMP)2006-2016 on 29-01-2007. AMP envisages India to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion in 2016 from the current level of US\$ 34 billion, accounting for more than 10 % of the GDP and providing additional employment to 25 million people by 2016.
- 2.7 Dr. A.P.J. Abdul Kalam, Hon'ble President of India inaugurated the Symposium on International Automotive Technology (SIAT), held at ARAI, Pune from 17-20th January, 2007. The symposium was attended by about 800 delegates, including 100 overseas delegates from automobile and



Dr. A.P.J. Abdul Kalam, Hon'ble President of India, Sh. Sontosh Mohan Dev, Union Minister for HI & PE, Sh. Vilas Rao Deshmukh, Chief Minister of Maharashtra at SIAT 2007 on 17th Jan., 2007



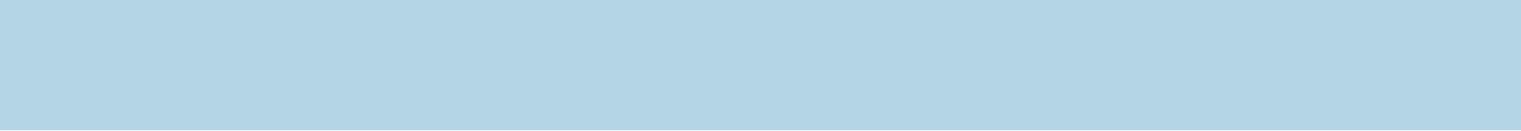
Hon'ble Prime Minister, Minister of Heavy Industries and Public Enterprises with other dignitaries /MoU and SCOPE Award winners at the Conference of Chief Executives of Public Sector Enterprises.

component industry to share innovative ideas concerning advancement in the automobile technology and international trade & development.

- 2.8 Three CPSEs under DHI, namely Bharat Heavy Electricals Ltd., Hindustan Paper Corporation Ltd. and Engineering Projects (India) Ltd. paid dividends of Rs. 240.34 crore, 145% of equity; Rs. 15.20 crore, 7.5% of equity; and Rs. 7.08 crore, 20% of equity; respectively to the Government for the year 2005-06.
- 2.9 On completion of fifty years of its existence, BHEL celebrated Golden Jubilee on 6th November, 2006 at Bhopal. Setting up of its mother plant at Bhopal, BHEL paved the way towards developing an integrated heavy electrical equipment capability.
- 2.10 BHEL bagged prestigious "All India Trophy for Top Exporters Award" for the 15th consecutive year, instituted by the Engineering Export Promotion Council presented for outstanding export performance.
- 2.11 BHEL has maintained its share of 65% in the country's total installed power generating capacity which has significantly contributed to 73% of the power generated in the country during 2005-06. Power Generating sets achieved all time high generation as a result of excellent performance of the company-built power generating sets which generated a record 402.6 billion Units and boosted country's power supply in the year 2005-06.
- 2.12 Employees of BHEL bagged three "Vishwakarma Rashtriya Puraskar" for their innovation for (i) cost reduction(ii) higher productivity and (iii) quality of products and two National Safety Awards for

outstanding achievements in terms of longest accident free period and Lowest accident frequency rate at their works.

- 2.13 EPI has been granted Miniratna Status in recognition of its performance during the last few years in terms of Turnover, Order booking, Profitability and Productivity.
- 2.14 Hon'ble Minister (HI&PE) launched the Expansion-cum-Diversification Project (EDP) of Hindustan Newsprint Ltd (HNL). on October 28,2006. The Project, being implemented without any budgetary support from the Government is a part of the overall 'HPC Vision- 2012' which aims at gaining sustainable competitiveness for HNL.
- 2.15 Hon'ble Minister (HI&PE) also launched two schemes (i) Waste Paper Recovery and Collection Scheme and (ii) Farm Forestry Scheme on 29th October, 2006 in Kerala. The first scheme envisages to promote Self Help. Groups for procurement of waste paper for the existing and proposed de-inking plants while providing gainful income generating opportunities to a large number of people by way of collection, storage and transportation of waste paper.
- 2.16 Hon'ble Prime Minister presented the MOU and SCOPE Excellence awards to the chief executives of CPSEs for 2004-05 and 2005-06 at the conference of chief executives of CPSEs jointly organised by the Department of Public Enterprises and SCOPE on 8th March, 2007. The theme of the conference was "Empowering Public Sector for Growth".

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- 2.17 The Second Pay Revision Committee for the revision of scales of pay of Board level and below Board level executives including non-unionised supervisors of CPSEs following Industrial Dearness Allowance (IDA) pattern scales of pay w.e.f. 1.1.2007 has been constituted on 30.11.2006. Committee is headed by Mr. Justice M.J.Rao, Retired Judge, Supreme Court of India. The Committee will submit its report within a period of 18 months.
- 2.18 Guidelines for wage revision policy for workmen in CPSEs for the 7th round effective from 1.1.2007 have been issued on 9.11.2006.
- 2.19 Government have decided that, effective 2007-08, all CPSEs including sick and loss making CPSEs should be covered under the MOU system and should sign MOU by 31st March every year. Subsidiary PSEs should also sign MOU with their holding companies.

# Department of Heavy Industry

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# Chapter 1

## An Overview

### 1.1 Performance of Industry

The industrial sector recorded a healthy growth of 10.3% (measured in terms of the Index of Industrial Production) during the period April-Oct. 2006-07 as compared to 8.6 percent achieved during the corresponding period last year. Capital goods sector, which posted a robust growth of 16.9 per cent in 2005-06, has maintained its growth momentum during the current year as well. According to the Index of Industrial Production, capital goods sector posted a growth of 15.0 per cent during April-Oct. 2006-07.

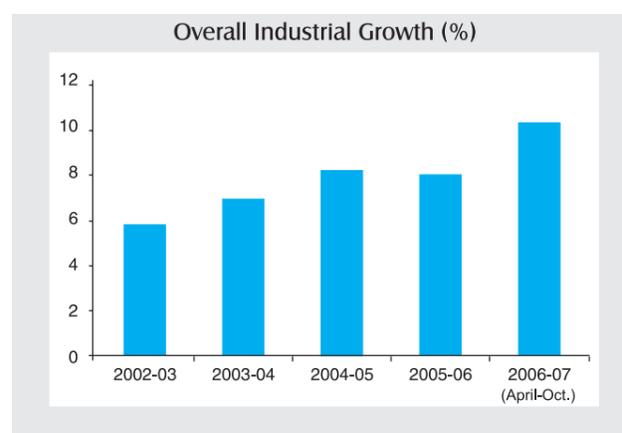
1.2 The growth trends during April-Oct. 2006-07 as compared to April-Oct. 2005-06 are given in the table below:

Sector-wise Growth Rates (in %)				
	Weight	2005-06	2005-06	2006-07
		(Apr-Oct.)	(Apr-Oct.)	(Apr-Oct.)
Overall	100.0	8.2	8.6	10.3
Mining & Quarrying	10.5	1.0	0.9	3.4
Manufacturing	79.4	9.1	9.7	11.2
Electricity	10.2	5.2	5.2	7.1
Use-Based Classification				
Overall	100.0	8.2	8.6	10.3
Basic Goods	35.6	6.7	6.3	9.0
Capital Goods	9.3	15.8	16.9	15.0
Consumer Goods	28.7	12.0	13.5	9.8
(i) durables	5.4	15.3	13.9	13.2
(ii) non-durables	23.3	11.0	13.5	8.5

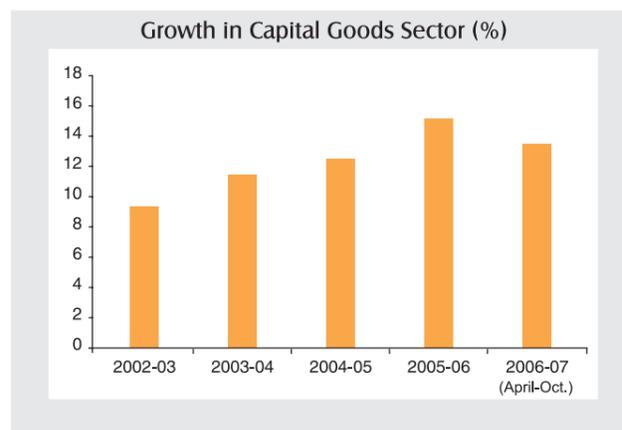
Source-Central statistical org.

1.3 The Department of Heavy Industry deals with the following 19 industrial sub-sectors:

- (i) Boilers
- (ii) Cement Machinery
- (iii) Dairy Machinery
- (iv) Electrical Furnace
- (v) Freight Containers



- (vi) Material Handling Equipment
- (vii) Metallurgical Machinery
- (viii) Mining Machinery
- (ix) Machine Tools
- (x) Oil Field Equipment



- (xi) Printing Machinery
- (xii) Pulp and Paper Machinery
- (xiii) Rubber Machinery
- (xiv) Switchgear and Control Gear
- (xv) Shunting Locomotives
- (xvi) Sugar Machinery
- (xvii) Turbines & Generator sets
- (xviii) Transformers
- (xix) Textile Machinery

1.4 Production and growth rates of some of the industries being dealt within the Department of Heavy Industry for the period April-October 2006-07 as compared to April-October 2005-06 are given below:

Industry	Unit	2005-06 (Apr.-Oct.)	2006-07 (Apr.-Oct.)	Growth Rate (%)
Industrial Machinery	Rs. lakhs	176464.79	147578.72	16.37
Machine Tools	Rs. lakhs	151449.86	153371.70	1.27
Boilers	Rs. lakhs	181945.45	262286.24	44.16
Turbines	Rs. lakhs	38443.43	56947.33	48.13
Electric generators	Rs. lakhs	41662.05	58458.17	40.32
Power distribution transformers	Mill kVA	35.43	39.50	11.51
Telecom cables	Mill Mtr.	7778.79	4813.09	-38.20
Commercial vehicles	Numbers	214510	277808	29.51
Passenger cars	Numbers	580952	689649	18.71

Source : Department of IPP

### 1.5 CPSEs under the Department of Heavy Industry

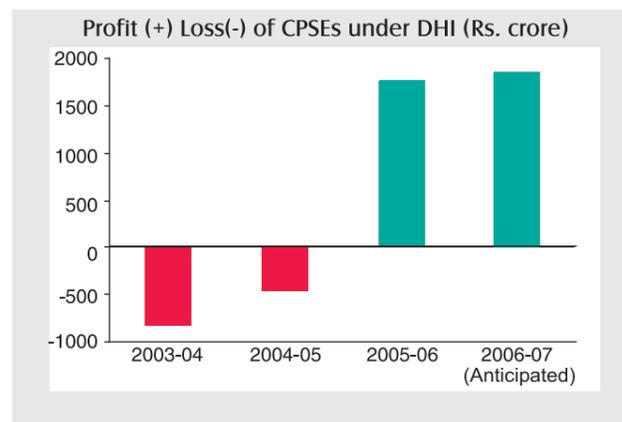
1.5.1 The CPSEs under the Department are engaged in manufacturing, consultancy and contracting services. Out of 48 CPSEs, 14 CPSEs have either been closed or are not in operation thus leaving the Department with 34 operating CPSEs. The total investment (Gross Block) in 34 Operating CPSEs under the Department was about Rs. 9040 crore as on 31st March, 2006 (Annexure III), excluding the 14 CPSEs which have been either closed or are not in operation.

1.5.2 During the year 2005-06, 16 CPSEs have made profits and remaining 18 have made losses. The aggregate performance in 2005-06 and 2006-07 (anticipated) is as under:

	2005-06	2006-07 (Anticipated)
Production	19388.92	23290.56
Profit(+)/Loss(-)	(+)1763.59	(+)1828.28

(CPSE-wise details are at Annexure V & VI)

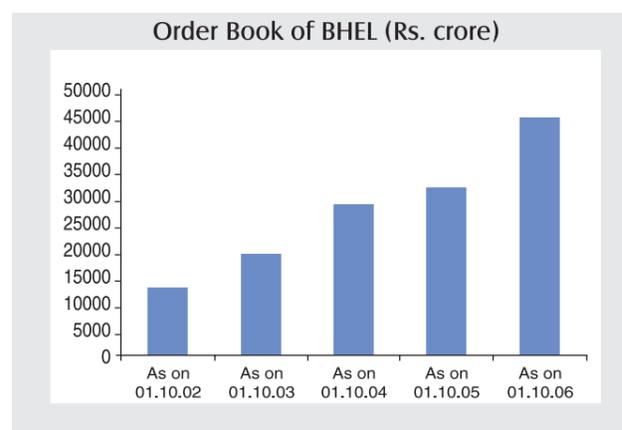
1.5.3 The Department monitors the performance of CPSEs under its administrative control on a regular basis. The Department acts as a catalyst



between these enterprises and other agencies of the Government and helps establish long term linkages to improve their order book and ensure timely supplies to core sector customers.

1.5.4 The loss making enterprises suffer from a number of factors including poor order book, shortage of working capital, surplus manpower and obsolete plant and machinery, besides increase in the cost of inputs etc. Several of these loss making CPSEs have problems of large work force and huge overheads far above the industry norms. In this context, salary/wage bill and social overheads as percentage of turnover are given at Annexure VII.

1.5.5 The order book in most of the CPSEs has been gradually improving especially in case of BHEL whose order book has substantially improved from about Rs. 15,000 crore to about Rs. 45,000 crore during the last three years. Details of order book position in individual CPSEs are given at Annexure VIII.





Largest export order for 500 MW Kosti Power Plant, Sudan-Contract - signing ceremony



Shri D.K. Jain, Additional Secretary, Ministry of External Affairs and Shri Mahendra Kumar, Managing Director, HMT (International) - signing of agreement towards setting up SME Development Project in Zimbabwe

1.5.6 Major exporting CPSEs are BHEL, IL, HPC and HMT. Details of export performance of CPSEs under DHI are given at Annexure IX.

1.5.7 Government's investment in terms of equity in these CPSEs is Rs. 3965 crore. Many of the PSEs have been making losses for the last few years eroding their net worth substantially. Details of Government equity, net worth and accumulated loss/profit of these CPSEs are given at Annexure X.

## 1.6 Restructuring of CPSEs

1.6.1 The Department undertakes and encourages restructuring of CPSEs under its administrative control in line with the overall Public Sector Policy of the Government. As per the Public Sector policy outlined in the National Common Minimum Programme (NCMP), generally profit making companies will not be privatized. Efforts will be made to modernize and restructure sick CPSEs and chronically loss making companies will either be sold off or closed after all employees are paid their legitimate dues and compensation. With a view to implement this mandate of the NCMP, a Board for Reconstruction of Public Sector Enterprises (BRPSE) has been established.

1.6.2 The Department provides financial support to the CPSEs in consultation with the Ministry of Finance and Planning Commission for meeting their investment needs and implementation of restructuring plans of sick /loss making CPSEs sanctioned by the Government/BIFR.

1.6.3 Expenditure on account of capital investment programmes under plan in the current year, 2006-07, has been Rs. 321.65 crore by CPSEs under DHI upto 31.1.2007. On the non-plan side, an amount of Rs. 422.47 crore has been

spent upto 28.2.2007 towards revival/restructuring, VRS, statutory dues, interest subsidy etc.

1.6.4 25 out of the 48 CPSEs under DHI stand referred to BRPSE. Status of these CPSEs as on 1.3.2007 before BRPSE is as under -

(a) Total cases presented to BRPSE	: 25
(b) Cases considered by BRPSE	: 24
(c) Cases awaiting consideration by BRPSE	: 1

Out of 24 CPSEs considered by BRPSE, decision of the Govt. on the future of the following 14 CPSEs is available.

- (i) Bharat Pumps and Compressors Ltd.(BPCL),
- (ii) Bridge & Roof Co. Ltd. (B&R),
- (iii) Richardson and Cruddas Ltd. (R & C),
- (iv) Tungabhadra Steel Products Ltd. (TSP),
- (v) Braithwaite and Company Ltd. (BCL),
- (vi) Braithwaite, Burn & Jessop Construction Co. Ltd. (BBJ),
- (vii) Heavy Engineering Corporation Ltd. (HEC),
- (viii) Praga Tools Ltd. (PTL),
- (ix) Hindustan Salts Ltd. (HSL),
- (x) Cement Corporation of India Ltd.(CCI),
- (xi) HMT (Bearings) Ltd. [HMT(B)],
- (xii) HMT Machine Tools Ltd. [HMT(MT)],
- (xiii) Bharat Ophthalmic Glass Ltd.(BOGL),
- (xiv) Andrew Yule and co. Ltd. (AYCL).

Details of financial package approved by the Government for Restructuring of CPSEs during the last two years are given in the statement at Annexure XI.

#### 1.6.4 Following CPSEs have been closed/ not in operation :

- (i) Bharat Process Mechanical Engineers Ltd. (BPMEL),
- (ii) Bharat Brakes & Valves Limited (BBVL),
- (iii) Cycle Corporation of India (CCIL),
- (iv) National Bicycle Corpn. of India Ltd. (NBCIL),
- (v) Mining and Allied Machinery Corpn. Ltd. (MAMC),
- (vi) Rehabilitation Industries Corp. (RIC),
- (vii) RBL Limited (RBL),
- (viii) Tannery & Footwear Corpn. Ltd. (TAFCO),
- (ix) Weighbird India Ltd. (WIL),
- (x) Bharat Leather Corporation Ltd. (BLC),
- (xi) National Industrial Development Corporation Ltd. (NIDC),
- (xii) Bharat Ophthalmic Glass Ltd. (BOGL),
- (xiii) National Instruments Ltd. (NIL),
- (xiv) Nagaland Pulp and Paper Co. Ltd. (NPPC)\*.

\*(Revival package since approved in Nov. 2006)

#### 1.7 Autonomy to CPSEs/Navratnas and Miniratnas

1.7.1 BHEL is one of the Navratna CPSEs. The Board of the Company has been strengthened by induction of outside qualified professionals. Navratna CPSEs have been provided greater autonomy in respect of capital expenditure, formation of strategic alliances and formulation of HRD policies etc.

1.7.2 Besides BHEL, which is a Navratna, four CPSEs under DHI namely REIL, HNL, EPI and HMT (I) have been categorized as Miniratnas. Miniratna CPSEs have also been empowered with enhanced delegation.

#### 1.8 Memorandum of Understanding (MoU)

1.8.1 With a view to giving greater autonomy to the public sector enterprises and making them accountable for achievement of their objectives, the following 7 CPSEs have signed MOUs with Government of India for the year 2006-2007.

- (i) Bharat Heavy Electricals Ltd., (BHEL),
- (ii) Engineering Projects (India) Ltd.,(EPI),

- (iii) Hindustan Paper Corporation Ltd., (HPC),
- (iv) Hindustan Newsprint Ltd.,(HNL),  
(Subs. of HPC),
- (v) Rajasthan Electronics & Instruments Ltd.,  
(REIL), (Subs. of IL),
- (vi) HMT Ltd. (HMT),
- (vii) Scooters India Ltd. (SIL).

#### 1.9 North Eastern Region

1.9.1 Out of the 48 Public Sector Enterprises under the administrative control of the Department of Heavy Industry, the following CPSEs/Units are situated in the North Eastern Region :-

- (i) Hindustan Paper Corporation Ltd. (HPC)  
(Nagaon & Cachar Paper Mills), Assam.
- (ii) Nagaland Pulp & Paper Company Ltd.  
(NPPC) Nagaland,
- (iii) Cement Corporation of India Ltd. (CCI),  
(Bokajan Unit), Assam.
- (iv) Andrew Yule & Company Ltd. (AYCL), (Tea  
Gardens), Assam.

1.9.2 These CPSEs/Units are engaged in the manufacture of Paper, Cement and Tea. As per the policy of the Government, 10% of the budget of this Department is being allocated for the development of North Eastern Region. Some of the major schemes undertaken in the past include modernization of paper units of Hindustan Paper Corporation Ltd. (HPC), D.G. set for power generation and installation of overhead crane at Bokajan Unit of Cement Corporation of India Ltd. (CCI) and rejuvenation of tea plantation of Andrew Yule & Company Ltd. (AYCL) in Assam. Restructuring/revival plan of NPPC involving a total cost of Rs. 570 crore has been approved by the Govt. and further action is in hand. The Government budgetary support provided for capital investments made in the North East Region during the last 5 yrs. (2001-02 to 2005-06) was Rs. 56.17 crore.

#### 1.10 Audit observations of Comptroller & Auditor General of India (CAG)

As per the requirement stipulated by the CAG, summary of important audit observations of CAG of India on the working of the Department of Heavy Industry is given in Annexure XII.

# Chapter 2

## CPSEs

Out of 48 CPSEs under the Department, 34 are operating at present, 3 CPSEs are not in operation and 11 CPSEs have been closed. Besides, there are two holding companies. A brief write up on these CPSEs is given below.

### 2.1 Andrew Yule & Co. Ltd. (AYCL)

The company is engaged in manufacture, sales and servicing of various industrial products like industrial fans, tea machinery, air pollution control equipment, electrical equipments including switchgears, circuit breakers, etc. In 1986, six tea companies having 12 tea gardens in West Bengal and Assam, engaged in cultivation, manufacture and processing of tea, became a part of AYCL. Transformers and Switchgears Ltd., Madras and Brentford Electric (India) Ltd., Calcutta were also nationalized and vested in Andrew Yule & Company Ltd. The company is sick and has been referred to BIFR. The Andrew Yule Group includes a subsidiary, M/s Hooghly Printing Company Ltd, and two major associate companies namely Dishergarh



Ramagundam Super Thermal Power Station equipped with BHEL power generating sets

Power Supply Company Ltd (since renamed as DPSC Ltd) and Tide Water Oil Company Ltd. The company's Belting Division was converted into a joint-venture company in February 1999 with M/s Phoenix, AG Germany acquiring 74% of the equity and AYCL retaining 26% of the equity in the new company. The company has been reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a revival/restructuring plan has been approved by the Govt. The company is likely to end the year 2006-07 with a production of Rs. 119.35 crore.

### 2.2 Hooghly Printing Company Ltd.

The company was established in the year 1922 for catering to the printing and stationery requirement of the companies under Andrew Yule Group. It is a wholly owned profit making subsidiary of Andrew Yule & Co. Ltd. The turnover of the company in 2006-07 is expected to be Rs. 10.00 crore

### 2.3 Bharat Heavy Electricals Ltd.

The company was established for specially catering to the power generation & transmission equipment needs of the country. BHEL today is a major single point supplier of all systems and equipment required in power sector. It has 14 manufacturing plants, 8 service centres and 4 power sector regional centres besides project sites and regional offices spread all over India and abroad. The company has been identified as a 'Navratna' CPSE. BHEL's performance in 2005-06 against MOU targets qualified it for placement in 'Excellent' category.

The company has formed two Joint Ventures, one with M/s Siemens of Germany and the other with M/s General Electric, USA in the area of servicing/renovation of Thermal Plants and servicing of Gas turbines respectively. The company has taken several steps to enter into new business areas where its existing infrastructure, skills and capabilities could be optimally utilised. Some such new areas include Waste Heat Recovery Boilers, Advanced Class Gas Turbines, Ceralin Insulators, Turret Castings, Water management, material handling, O&M services, simulators and equipment & services for defence. BHEL has witnessed a substantial improvement in its order book. The company received orders of about Rs. 16,000 crore upto September, 2006 during the year 2006-07; major amongst which are as under :

- 490 MW set for NTPC NCTPP Stg-3;
- 2x250 MW sets for UPRVUNL Parichha Extn. 5&6;
- 500 MW set for KPCL Ballery;
- 2x250 MW sets for Harduaganj Extn. 8&9.
- 400/220 Kv substation at Durgapur from WBSEB;
- 15x100 mva, 220 Kv Power Tranformer from KPTCL, Bangalore;
- 1x150 TPH AFBC Boiler from Jai Prakash Industries Ltd. and 2x15 MW STG from ACC Ltd.

The company is likely to end the year 2006-07 with a production of Rs. 17825 crore.

#### 2.4 Bharat Bhari Udyog Nigam Ltd.

Bharat Bhari Udyog Nigam Ltd. (BBUNL) was incorporated as a holding company in 1986, with the following subsidiary companies:

- (i) Burn Standard Company Ltd.(BSCL)
- Subsidiaries :
- (a) Bharat Brakes & Valves Ltd. (BBVL) (since closed),

- (b) RBL Ltd. (RBL) (since closed),
- (ii) Bharat Wagon & Engineering Company Ltd.(BWEL),
- (iii) Braithwaite & Company Ltd.(BCL),
- (iv) Bharat Process & Mechanical Engineers Ltd (since closed),
- Subsidiary :
- (i) Weighbird (India) Ltd. (WIL) (Since closed),
- (v) Braithwaite, Burn & Jessop Construction Co. Ltd.(BBJ),
- (vi) Jessop & Company Ltd. (majority stake disinvested in Aug. 2003).

The aggregate production of all the operating subsidiaries of the holding company is likely to be Rs. 588.45 crore in 2006-07.

##### 2.4.1 Burn Standard Company Ltd.

Consequent upon the nationalization of the erstwhile Burn & Company Ltd. and the Indian Standard Wagon Company Ltd., Burn Standard Company Ltd. (BSCL) was incorporated in 1976. The company has two large engineering units at Howrah and Burnpur in West Bengal besides eight refractory and ceramic units located in Bihar, West Bengal, Tamilnadu and Madhya Pradesh. The major products being manufactured by BSCL include wagons, structurals, points and crossings, bogies, ash handling plant, coal handling plant etc. The company is sick and is under reference to BIFR. 7 loss making refractory units and Jellinghum Yard of the company have been closed following the permission granted by the competent Authority. The company's future is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). The production of the company during the year 2006-07 is anticipated to be Rs. 279.81 crore.

##### 2.4.2 Braithwaite & Company Ltd.

Consequent upon nationalization, the Braithwaite and Company (BCL) was taken over

by Govt. in 1976. The company has three manufacturing units viz., (i) Clive Works, (ii) Victoria Works and (iii) Angus Works, which are engaged primarily in the manufacture of Railway Wagons, steel structurals, and general and special purpose cranes including Container Handling Cranes, Rail-Mounted Diesel Loco Break down Cranes, Jute Carding Machines and Roll Feeders for the Jute industry, etc. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a revival/restructuring plan has been approved by the Government. Subsequently, BIFR, vide order dated 29-06-06 has discharged BCL from the purview of BIFR and BCL ceased to be a sick industrial company. The production of the company during the year 2006-07 is anticipated to be Rs. 130.64 crore.

#### **2.4.3 Bharat Wagon And Engineering Company Ltd.**

Bharat Wagon & Engineering Company Ltd. (BWEL) was formed after nationalization of Britannia, Mokameh, Bihar and Arthur Butler, Muzaffarpur, Bihar in 1979. The main products of the company are Railway Wagons, screw pile bridges, steel fabrications, Grey Iron Castings etc. The company was referred to BIFR as it had become sick. The company's future is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) for revival/restructuring. BRPSE's recommendations for restructuring of the company are under consideration of the Govt. The production of the company during 2006-07 is anticipated to be Rs. 83.00 crore.

#### **2.4.4 Braithwaite, Burn & Jessop Construction Co. Ltd.**

Braithwaite Burn & Jessop Construction Co. Ltd. (BBJ) was constituted by Braithwaite, Burn and Jessop in 1935 for erection of the Howrah Bridge. BBJ turned into a PSE in 1987 when it became a subsidiary of Bharat Bhari Udyog Nigam Ltd., (BBUNL). The company is engaged in

construction of steel bridges, marine structures and jetties etc., bridges. The company has diversified into marine related activity. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring plan for the company has been approved by the Govt. The turnover of the company in 2006-07 is anticipated to be Rs. 95 crore.

#### **2.5 Bharat Yantra Nigam Ltd.**

Bharat Yantra Nigam Ltd. (BYNL), was incorporated as a holding company in 1986, with following subsidiaries.

1. Bharat Heavy Plate & Vessels Ltd., Visakhapatnam.
2. Bharat Pumps & Compressors Ltd., Naini, Allahabad.
3. Bridge & Roof Company (India) Ltd., Kolkata
4. Richardson & Cruddas (1972) Ltd., Mumbai.
5. Tungabhadra Steel Products Ltd., Hospet, Karnataka.
6. Triveni Structural Ltd., Naini, Allahabad.

The total production of all the subsidiary companies during 2006-07 is anticipated to be Rs. 987 crore.

##### **2.5.1 Bharat Heavy Plate And Vessels Ltd.**

Bharat Heavy Plate & Vessels Ltd. (BHPV) was set up in the year 1966 for catering to the requirement of equipment for core sectors such as fertilizers, oil refineries, petrochemicals, etc. The company has three product divisions namely Process Plant Division, Cryogenics and Boiler Division. The company has been making losses for last few years and now it is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring of the company are under consideration of the Govt. Production of the company for the year 2006-07 is anticipated at Rs. 175 crore.

### 2.5.2 Bharat Pumps & Compressors Ltd.

Bharat Pumps & Compressors Ltd. (BPCL) was incorporated in 1970 at Naini, Allahabad. The company is catering to the needs of sectors like oil, fertilizer, chemicals etc. for various types of pumps & compressors. The company became sick and was referred to BIFR. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring plan for the company has been approved by the Govt.. The company is likely to end the year 2006-07 with a production of Rs. 135 crore.

### 2.5.3 Bridge & Roof Company (India) Ltd.

Bridge & Roof Company (India) Ltd. (B&R) was initially a subsidiary of Balmer Lawrie & Co. Ltd. Subsequently, through investment of additional equity capital of Rs. 1.74 crore by Government of India in 1978, B&R became a Govt. company. The administrative control of this company was transferred to this Department from Ministry of Petroleum in June, 1986. The company's operations cover fabrication of medium and heavy structures, civil engineering works in respect of buildings, concrete bridges, project civil work, cooling towers, mechanical erection of complete plants for refineries, fertilizers, chemicals, steel, aluminium, etc. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring plan has been approved by the Government. The turnover of the company during the year 2006-07 is anticipated to be Rs. 605 crore.

### 2.5.4 Richardson & Cruddas (1972) Ltd.

Richardson & Cruddas (1972) Ltd. (R&C) was taken over from private sector in 1973. It has four units, two in Mumbai and one each in Chennai and Nagpur. The company became a subsidiary of BYNL in 1987. The company is sick and under reference to BIFR. In July, 2003, the BIFR passed the orders for winding up of R&C. The company is being reviewed in the light of

Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring of the company are under consideration of the Govt. The company's production during the year 2006-07 is anticipated to be Rs. 49.20 crore.

### 2.5.5 Triveni Structural Ltd.

Triveni Structural Ltd. (TSL) was incorporated in 1965. The company has facility for manufacture of heavy steel structural products, such as tall towers and mast for power transmission, communication and T.V. broad-casting, hydro-mechanical equipment, pressure vessels etc. The company became a subsidiary of BYNL in April, 1987. The company is sick and stands referred to BIFR. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring of the company are under consideration of the Govt. The company's production during 2006-07 is anticipated to be Rs. 17.45 crore.

### 2.5.6 Tungabhadra Steel Products Ltd.

The company was established in 1960 as a joint enterprise of the Governments of Karnataka and Andhra Pradesh. Tungabhadra Steel Products Ltd. (TSP) became a subsidiary of BYNL in April, 1987. The company has facilities for design, manufacture and erection of hydraulic structures, penstocks, building structures, transmission line towers, EOT & gantry cranes, etc. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring plan has been approved by the Government. The production of the company is anticipated to be Rs. 5 crore during 2006-07.

### 2.6 Hindustan Cables Ltd.

Hindustan Cables Ltd. (HCL) was set up in 1952 as the first telecommunication cable manufacturing unit in the country. The company has units in Rupnarainpur, West Bengal; Naini,

Allahabad, U.P. & Hyderabad, Andhra Pradesh. The company has facilities for manufacture of a wide range of telecommunication cables and wires catering to the needs of sectors like Railways, Defence, and Communication etc. HCL is sick and is under reference to BIFR. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and consultants appointed for making recommendations on the future of the company.

### 2.7 Heavy Engineering Corporation Ltd.

Heavy Engineering Corporation Ltd. (HEC), Ranchi was incorporated in December, 1958 with the primary objective of achieving self-sufficiency and self-reliance in the field of design and manufacture of equipment and machinery for the Iron and Steel Industry and other core sector industries like, Mining, Metallurgy etc. It has three manufacturing units namely Heavy Machine Building Plant (HMBP), Heavy Machine Tools Plant (HMTP) and Foundry Forge Plant (FFP). The company manufactures a wide range of equipment for steel plants, material handling equipment like wagon tippers and EOT cranes, heavy machine tools including CNC Machine tools and special purpose machine tools and various types of castings, forgings and rolls etc. The company is sick and under reference to BIFR. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a revival/restructuring plan has been approved by the Government. The company's production during the year 2006-07 is anticipated to be Rs. 330.00 crore.

### 2.8 HMT Ltd. (Holding Company with Tractor Divn.)

HMT Ltd., Bangalore was set up in 1953 having facilities to manufacture Machine tools, Watches, Tractors, Printing machinery, special purpose machines, presses and dairy machinery. The Company's turnaround plan approved by the Government in July, 2000 envisaged

Organizational Restructuring by conversion of Business Groups into four new separate subsidiary companies. The Company has been restructured into HMT Ltd., (the Holding Company) with Tractor Business in its fold, HMT Machine Tools Ltd., HMT Watches Ltd. & HMT Chinar Watches Ltd. Besides, the company has two wholly owned subsidiaries namely HMT (International) and HMT (Bearings) Ltd. and one partly owned subsidiary, Praga Tools Ltd. The Tractor Division of HMT commenced its operations in 1971 with the manufacture of Tractors at the manufacturing plant established in Pinjore, Haryana. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE has given its recommendations for restructuring/revival of the company which are under consideration of the Govt. The production of HMT Holding Company (Tractors Division) is anticipated to be Rs. 274.02 crore during 2006-07.

#### 2.8.1 HMT Machine Tools Ltd.

HMT Ltd., the pioneer in Machine Tools Industry in India and manufacturer of a diversified range of products has incorporated "HMT MACHINE TOOLS LIMITED" as its fully owned subsidiary in 1999. It has manufacturing units at different locations. All the manufacturing units of HMT (MT) Ltd. are ISO 9001 certified. The company has been reviewed in the light of Public Sector Policy under National Common Minimum



*View of Machines at the Common Facility and Tool Room Centre (CFTRC) at Pul-e-Charkhi Industrial Park in Kabul set up by HMT (International) on behalf of MEA, as a gift from Government and people of India*

Programme (NCMP) and Govt. has given its approval for restructuring/ revival of the company. The production of the company in 2006-07 is anticipated to be Rs. 240.00 crore.

#### **2.8.2 HMT Watches Ltd.**

HMT Watches Ltd., HMT(W) manufactures mechanical and quartz watches. The company has 3 manufacturing units at Bangalore, Tumkur and Ranibagh. All its manufacturing units have obtained the ISO 9001 certification. The product range of HMT Watches Ltd. caters to different segments of the market. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring/revival of the company are under consideration of the Govt. The production of the company during 2006-07 is anticipated to be Rs. 60.00 crore.

#### **2.8.3 HMT Chinar Watches Ltd.**

HMT Chinar Watches Ltd. HMT (CW) manufactures mechanical watches. The company has one manufacturing unit at Srinagar, J&K and an assembly unit at Jammu. The company's registered office is located in Jammu. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). The production of the company in 2006-07 is anticipated to be Rs. 10 crore.

#### **2.8.4 Praga Tools Ltd.**

Praga Tools Ltd. (PTL), Secunderabad, originally incorporated as a Public Limited Company in 1943, became a Central Public Sector Enterprise in 1959. PTL became a subsidiary of HMT Ltd. in 1988 when 51% of the share capital of the company was transferred in the name of HMT Ltd. The company manufactures various types of machine tools viz. CNC cutter & tool grinder, surface grinder, CNC milling machine, thread rolling machine, Jig boring machine and CNC jig boring machines etc. The company is sick and referred to BIFR. The company was reviewed in the light of Public Sector Policy under National

Common Minimum Programme (NCMP) and a restructuring/revival plan for PTL has been approved by the Govt. The production during the year 2006-07 is anticipated to be Rs. 12.34 crore.

#### **2.8.5 HMT (Bearings) Ltd.**

HMT (Bearings) Ltd. (erstwhile Indo-Nippon Precision Bearings) was established in the year 1964 as a state public sector company. In the year 1981, this company became a central public sector enterprise as a subsidiary of HMT Ltd. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring/revival plan for HMT (Bearings) Ltd. has been approved by the Govt. The production of the company during the year 2006-07 is anticipated to be Rs. 33.11 crore.

#### **2.8.6 HMT (International) Ltd.**

HMT (I) Ltd. was established in December, 1974 as a trading company for giving greater thrust to exports of the products of the parent company, HMT Ltd. The major items of exports are machine tools, watches and other associated products which are being exported to various countries. The turnover of the company during the year 2006-07 is anticipated to be Rs. 41.80 crore.

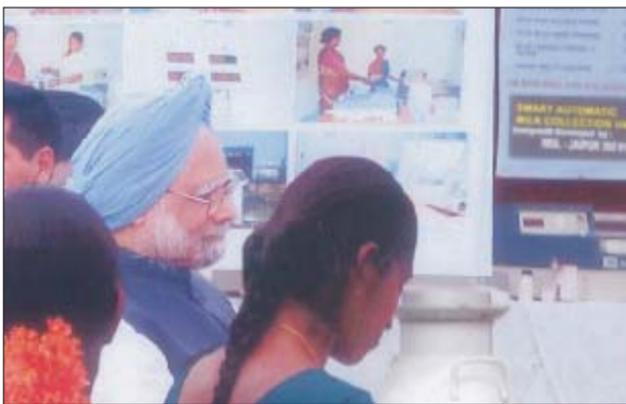
#### **2.9 Instrumentation Ltd.**

Instrumentation Ltd., Kota (IL) was set up in 1964. The company has three manufacturing units at Kota, Rajasthan, Jaipur, Rajasthan and Palakkad, Kerala and also has a subsidiary namely, M/s Rajasthan Electronics and Instruments Ltd. (REIL) at Jaipur. The company is engaged in manufacture of micro processor based digital distribution control systems, advanced electronic transmitters, fault tolerant control systems, railway signalling systems, telecommunication equipment etc. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring of the company are under consideration of the

Govt. The production of IL in the year 2006-07 is anticipated to be Rs. 250 crore.

### 2.9.1 Rajasthan Electronics & Instruments Ltd.

Rajasthan Electronics & Instruments Ltd. (REIL) was set up in 1981 as a Joint Venture of Instrumentation Ltd., Kota and RIICO for manufacture and supply of Electronic Milk Testers (EMT) to various milk plants/dairies, milk chilling centres and village cooperative societies. The company has diversified its product range to include solar photovoltaic modules/system, electronic energy meters and information



Dr. Manmohan Singh, Hon'ble Prime Minister, is shown the products of REIL at District Rural Development Authority (DRDA), Mahboobnagar, Andhra Pradesh, on 26th October, 2006



Hon'ble Shri Sontosh Mohan Dev, Union Minister (HI & PE) released a Souvenir, "Blazing the Silver Track", on the occasion of REIL Silver Jubilee Celebration highlighting 25 years of REIL journey, on 12th June, 2006

technology. The company is a subsidiary of IL who is holding 51% of its equity. Remaining 49% of the equity is being held by RIICO, Govt. of Rajasthan. By virtue of its financial performance, the PSE has gained the status of 'Miniratna'. The

production of the company during the year 2006-07 is anticipated to be Rs. 32 crore.

### 2.10 National Instruments Ltd.

National Instruments Ltd. (NIL), was incorporated as a PSE in 1957 after taking over the assets and liabilities of National Instruments Factory, a departmentally run workshop under the then Ministry of Production and Supplies. The company has facilities to manufacture various types of Optical & Opto Electronic Surveying Instruments including Pressure & Vacuum Gauges, Cameras, Gas Meters, etc. together with sophisticated Night Vision devices. The company became sick and was referred to BIFR. Govt. has given its approval for transfer of all the assets and liabilities of NIL to Jadavpur University, West Bengal and to subsequently close and wind up the company under the Companies Act.

### 2.11 Scooters India Ltd.

Scooters (India) Ltd. (SIL) was incorporated as a Government of India enterprise in 1972. At present, three wheelers are manufactured in its factory located in Lucknow. The company became sick and was referred to BIFR. The company has achieved turn around in its performance and posted profits consecutively for the last few years. With the improvement in the performance of the company, it has come out of the purview of BIFR. The company is likely to achieve a production of Rs. 204.39 crore during 2006-07.

### 2.12 Bharat Ophthalmic Glass Ltd.

Bharat Ophthalmic Glass Ltd. (BOGL) was set up in 1972 and took over the Ophthalmic Glass Plant at Durgapur from the National Instruments and Ophthalmic Glass Ltd. The company has facilities to manufacture ophthalmic blanks, flint buttons, optical glass, radiation shielding window (RSW) glass and other special quality optical glasses. The company became sick and was referred to BIFR. BIFR has recommended winding up of the company. The operations of the company have stopped since March, 2003. The company was reviewed in the light of

Public Sector Policy under National Common Minimum Programme (NCMP) and it has been decided to close the company.

### 2.13 Cement Corporation of India Ltd.

Cement Corporation of India Ltd. (CCI) was established in 1965 with the principal objective of setting up cement factories in Public Sector to achieve self-sufficiency in cement production and to remove regional imbalance. It has 10 units spread over 8 States/Union Territories, located in Mandhar, Akaltara in Chattisgarh; Nayagaon in MP; Kurkunta in Karnataka; Bokajan in Assam; Rajban in HP; Adilabad and Tandur in AP; Charkhi Dadri in Haryana and Delhi Grinding unit in Delhi. Seven out of 10 units are non-operational due to various reasons. The company became sick on and was referred to BIFR. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring/revival plan has been approved by the Govt. The production for the year 2006-07 in the running units is anticipated to be Rs. 261.61 crore.

### 2.14 Hindustan Paper Corporation Ltd.

Hindustan Paper Corporation Ltd. (HPC), incorporated in 1970, is engaged in manufacture of paper, paperboards, Craft Paper and newsprint. HPC is a Holding company and has 2 subsidiaries and two major integrated pulp and paper mills under its control as given below:

Subsidiaries of HPC

- a) Hindustan Newsprint Ltd. (HNL)
- b) Nagaland Pulp & Paper Company Ltd. (NPPC).

Units of HPC

- (i) Nagaon Paper Mills (NPM)
- (ii) Cachar Paper Mills (CPM)

The production of the company (NPM and CPM) during the year 2006-07 is anticipated to be Rs. 689.58 crore.

#### 2.14.1 Nagaland Pulp & Paper Company Ltd.

Nagaland Pulp & Paper Company Ltd. (NPPC) is a subsidiary of Hindustan Paper Corporation



CMD, Hindustan Paper Corporation Ltd. (HPC) presenting the maiden dividend cheque for Rs. 15.20 crore to Hon'ble Union Minister of HI&PE in the presence of Hon'ble Union Minister of State at New Delhi on 2.8.2006

(HPC). HPC holds 94.78% of the equity shares and the Government of Nagaland holds the balance 5.22%. There is no production activity in the plant. BIFR recommended winding up of the company. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring/revival plan approved by the Govt. is under implementation.

#### 2.14.2 Hindustan Newsprint Ltd.

Hindustan Newsprint Ltd. (HNL), originally started as a unit of HPC, was converted into a wholly owned subsidiary of HPC in August, 1983. This mill with annual capacity of 1 lakh MT is located in the State of Kerala and is engaged in the production of newsprint. A plan for expansion of the capacity is under implementation. The production during the year 2006-07 is anticipated to be Rs. 342.70 crore.



Hon'ble M(HI&PE) launching the HNL Expansion -cum-Diversification Project at Newsprint Nagar, Kerala

### **2.15 Hindustan Photo Films Manufacturing Company Ltd.**

Established in 1960, the company is engaged in manufacture of photosensitized films, cine positive (black and white), cine films sound negative, medical X-ray films, etc. The company was referred to BIFR in 1995. BIFR recommended it's winding up on 30th Jan., 2003. Appeals were filed by various agencies before AAIFR against winding up order of BIFR. AAIFR dismissed these appeals. However, Madras High Court has granted an interim stay on the proceedings of AAIFR and BIFR orders on the basis of appeal filed by the Trade Unions. M/S Ernst and Young has been engaged for further study on the viability of the company on the basis of the recommendations of the Department Related Parliamentary Standing Committee on Industry(Rajya Sabha). Final report is awaited. The production of the company during 2006-07 is anticipated to be Rs. 20.15 cr.

### **2.16 Hindustan Salts Ltd.**

Hindustan Salts Ltd. (HSL), set up in 1959, is engaged in the production of common salt and salt-based chemicals at its three units located at Kharaghoda, Gujarat; Mandi, Himachal Pradesh and Ram Nagar, Uttar Pradesh. The company is sick and under reference to BIFR. The company was reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP) and a restructuring/revival plan has been approved by the Government. Its production during the year 2006-07 is anticipated to be Rs. 9.37 crore.

#### **2.16.1 Sambhar Salts Ltd.**

Sambhar Salts Ltd. (SSL) is a subsidiary of Hindustan Salts Ltd. (HSL). The paid up capital of the company is Rs. 1 crore, 60% of which has been subscribed by HSL and balance 40% by the Government of Rajasthan. The company is producing salt, both for edible and industrial use, and salt based chemicals. The production of the company during the year 2006-07 is anticipated to be Rs. 7.98 crore.

### **2.17 NEPA Ltd.**

NEPA Ltd. (NEPA), formerly, the National Newsprint & Paper Mills Ltd. was initially set up in 1947 in private sector. Later on, in October, 1949, its management was taken over by the State Government. The Central Govt. acquired controlling interest in 1959 by conversion of loans into equity and it became a central PSE. The company produces Newsprint and paper.

The company became sick and is under reference to BIFR. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring of the company are under consideration of the Govt. The production of the company during the year 2006-07 is anticipated to be Rs. 82.64 crore.

### **2.18 Tyre Corporation of India Ltd.**

Tyre Corporation of India Ltd. (TCIL) was incorporated in 1984 after the nationalization of two sick companies, namely, M/s Incheck Tyres Ltd. and M/s National Rubber Manufacturers Ltd. The company has its single operating unit at Kankinara and is engaged in the manufacture of tyres for automobiles. The Company is sick and is under reference to BIFR. Tangra unit has since been closed after necessary permission from the competent authority. The company is being reviewed in the light of Public Sector Policy under National Common Minimum Programme (NCMP). BRPSE's recommendations for restructuring of the company are under consideration of the Govt. The production during the year 2006-07 is anticipated to be Rs. 144.39 crore.

### **2.19 Engineering Projects (India) Ltd.**

Engineering Projects (India) Ltd. (EPI) is a premier turnkey contracting company incorporated in the year 1970. The company's field of operation is extensive and includes projects relating to civil and structural engineering, material handling,

metallurgy, petrochemicals, environment and pollution control etc. After the financial restructuring of the company in 2001, the company has turned around and has been posting profits. After a gap of 26 years, the company started paying dividend from the financial year 2003-04. The company declared a dividend of 20 % for the year 2005-06. The turnover of the company during the year 2006-07 is anticipated to be Rs. 714.55 crore.

- 2.20 11 CPSEs namely, Mining and Allied Machinery Corporation Ltd. (MAMC), Bharat Process and Mechanical Engineers Ltd. (BPME), Weighbird (India) Ltd.(BWEL), Cycle Corporation of India Ltd. (CCIL), Tannery and Footwear Corporation



*Construction of 200 Bed Hospital Expansion & Services for North East Indira Gandhi Regional Institute of Health & Medical Sciences (NEIGRIHMS) at Shillong by EPI.*

Ltd. (TAFCO), Bharat Leather Corporation Ltd.(BLC), National Industrial Development Corporation Ltd. (NIDC), Rehabilitation Industries Corporation Ltd. (RIC), Bharat Brakes and Valves Ltd. (BBVL), Reyroll Burn Ltd. (RBL), and National Bicycle Corporation of India Ltd. (NBCIL), have been closed.

# Chapter 3

## Heavy Electrical, Engineering and Machine Tool Industries

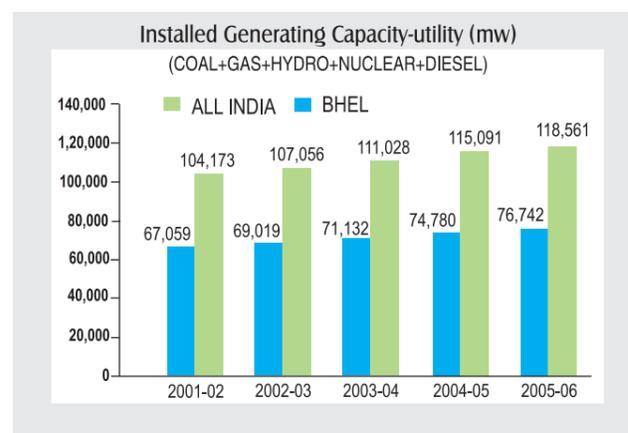
### 3.1 Heavy Electrical Industry

Heavy Electrical Industry covers power generation, transmission and distribution equipments. These include turbo generators, boilers, various types of turbines, transformers, switch gears and associated auxiliaries. India is the only other developing country besides China, which produces a full range of electric power generation and transmission equipment. In fact, the history and growth of Bharat Heavy Electricals Ltd.(BHEL), a public sector enterprise under DHI, symbolizes the overall growth pattern of heavy electrical industry in the country. BHEL has the unique distinction of being one of the very few companies in the world, manufacturing all major power generating equipment under one roof.

A strong manufacturing base has already been established in the country for heavy electrical equipment. Today, BHEL supplied sets account for nearly 65% of the total installed capacity in the country as against Nil till 1969-70. The demand for power generation equipment depends upon power development programme and generation targets proposed by the utilities.



Ultra modern blade shop set-up at BHEL's Haridwar Plant



The country is planning to add 150,000 MW power generation capacity in the next 10 years. This will generate substantial demand for heavy electrical equipments. The existing manufacturing capacity of BHEL is of the order of 6,000 MW per annum. Plans are under execution to augment the manufacturing capacity to 10,000 MW per annum by 2007.

Electrical equipments such as transformers, switchgears etc. are used in all sectors of the Indian economy. Some major areas where these are used are the multi crore projects for power generation including nuclear power stations, industries like; cement, sugar, fertilizer, refineries, petrochemicals, paper, oil and gas, metallurgical and other process industries etc. The industry has been upgrading the existing technology and is now capable of taking up turnkey contracts for export markets.

The Heavy Electrical Industry is capable of manufacturing transmission and distribution equipment upto 400 kV AC and high voltage DC. High Voltage Direct Current (HVDC) systems have also been supplied for economic transmission of bulk power over long distances.



600 MW Western Mountain Power Station, Libya, commissioned by BHEL on turnkey basis

The industry has taken up works for upgradation of transmission to the next higher voltage system of 765 kV and has upgraded their manufacturing facilities to supply 765 kV class transformers, reactors, CTs, CVTs, bushings and insulators etc.

The domestic Heavy Electrical equipment manufactures are making use of the developments in the global market with respect to product designs and upgrading of manufacturing and testing facilities. The investments in R & D by the Electrical Industry are amongst the largest in the Corporate Sector in India. The heavy electrical industry has established its reference in the global arena also. These encompass thermal, hydro and gas based power plants, substation projects, rehabilitation projects, besides a wide variety of products like transformers, photo voltaic equipments, insulators, switchgears, motors, etc.

### 3.1.1 Turbines and Generators

The capacity established for manufacture of various kinds of turbines such as steam & hydro turbines including Industrial turbines is more than 7000 MW per annum. Apart from BHEL, there are units in the private sector too, manufacturing of steam and hydro turbines for power generation and industrial use. The manufacturing range of BHEL includes steam turbines upto 500 MW unit rating and the facilities and technologies are available for 800 MW and 1000 MW unit size. BHEL has capability to manufacture Gas Turbines upto 280

MW (ISO) rating and gas turbine based co-generation and combined cycle systems for utility and industry applications. Custom-built conventional hydro turbines of Kaplan, Francis and Pelton types with matching generators are also available indigenously. AC Generators manufactured in India are on par with any international manufacturer and consistently deliver high quality power with high performance. Domestic manufacturers are capable of manufacturing AC Generator right from 0.5 KVA to 25,000 KVA and above with specified voltage rating. The imports and exports of turbines and generators during 2005-2006 were Rs. 2420 crore and Rs. 565 crore respectively.

### 3.1.2 Boilers

BHEL is the largest manufacturer of boilers in the country (with more than 60 % share) and has the capacity to manufacture boilers for Super Critical Thermal Power Plants apart from utility boilers and industrial boilers. The industry has the capacity to manufacture boilers with super critical parameters upto 1,000 MW unit size. The domestic industry has the capacity to meet the indigenous requirement / demand for boilers. Expansions are underway to cope with the country's growth plans. The imports and exports of boilers during 2005-2006 were Rs. 160 crore and Rs. 242 crore respectively.

### 3.1.3 Transformers

The domestic transformers industry is well established with capability to provide state of art equipments. The industry has the capacity to manufacture whole range of power and distribution transformers including the REC rating of 25, 53, 100 KVA and also the extra high voltage range of 400 kV, 600 MVA. BHEL has supplied over 2,50,000 MVA transformer capacity which includes a number of export orders. Special types of transformers required for furnaces, rectifiers, electric traction etc. and series and shunt reactors as well as HVDC transmission upto 500 kV are also being manufactured in the country.

The imports and exports of transformers during 2005-2006 were Rs.1800 crore and Rs.1640 crore respectively.

### 3.1.4 Switchgear and Control gear

In India, the entire range of circuit breakers from bulk oil, minimum oil, air blast, vacuum to SF6 are manufactured to standard specification for the benefit of customers. The range of products so produced cover the entire voltage range from 240V to 800KV and it includes switchgear, control gear, MCBs, air circuit breakers, switches, rewirable fuses and HRC fuses with their respective fuse bases, holders and starters etc. The industry is competitive in the field of design and engineering as the skill sets available in the country are relatively less expensive. The imports and exports of these equipments during 2005-2006 were around Rs.1690 crore and Rs.1108 crore respectively.

### 3.1.5 Electrical Furnaces

Electrical Furnaces are used in metallurgical and engineering industries like forging and foundry, machine tools, automobiles etc. Adequate capacity for production of these products has been established. The imports and exports of electrical furnaces during 2005-2006 were around Rs.186 crore and 108 crore respectively.

### 3.1.6 Shunting and Mainline Locomotives

Shunting locomotives for localized and internal transport facilities are used in Railways, Steel Plants, Thermal power plants etc. Jhansi Unit of BHEL, among others, is manufacturing such locomotives. BHEL manufactures complete rolling stock i.e. electric locomotives upto 5000 HP, diesel electric locomotives from 350 HP to 3100 HP for both mainline and shunting duty applications. BHEL is also contributing to supply of electrics for EMUs for 1500 V DC and 25 kV AC to Indian Railways. Most of the trains on Indian Railways, whether electric or diesel powered are equipped with BHEL's traction propulsion system and controls which are both

with conventional DC drives and state of the art AC drives.

## 3.2 Heavy Engineering Industry

### 3.2.1 Textile Machinery

There are over 600 units engaged in the manufacture of Textile Machineries, their components, accessories and spares and out of these about 100 units are manufacturing the complete textile machinery. The range includes textile machinery required for sorting, cording, processing of yarns/ fabrics and weaving. The industry is gearing itself to avail of opportunities



Textile Machinery Ring Frame

of supplying machines required to cater the export target of garment manufacturers post Multi Fibre Agreement (MFA). With a capital investment of Rs. 1500 crore and an installed capacity of Rs. 3050 crore per annum. Their current production as well as exports and imports are as under: -

(Rs. in crore)

Year	Production	Exports	Imports
2003-2004	1339	535	2179
2004-2005	1685	457	3299
2005-2006	2212	476	6768

### 3.2.2 Cement Machinery

Cement plants based on dry processing and pre-calcination technology for capacities upto 7500 TPD are being manufactured in the country. Modern cement plants are designed for zero downtime, high product quality and better output with minimum energy consumed per unit

of cement production etc. At present, there are 18 units in the organized sector for the manufacture of complete cement plant machinery. With an installed capacity of around Rs. 600 crore/annum the industry is fully capable to meet the domestic demand. As per records, the industry has made no imports or exports during the last three years.

### 3.2.3 Sugar Machinery

Domestic manufacturers occupy predominant position in the global scenario and are capable of manufacturing from concept to commissioning stage sugar plants of latest design for a capacity upto 10,000 TCD (tons crushing per day). There are presently 27 units in the organised sector for the manufacture of complete sugar plants and components with an installed capacity of around Rs. 200 crore per annum.

(Rs. in lakh)

	2003-2004	2004-2005	2005-2006
Import	427	1259	905
Export	1139	2682	3767

### 3.2.4 Rubber Machinery

There are at present 19 units in the organized sector for the manufacture of rubber machinery mainly required for tyre/tube industry. The range of equipments manufactured in the country includes inter-mixer, tyre curing presses, tube splicers, bladder curing presses, tyre moulds, tyre building machines, turnet servicer, bias cutters, rubber injection moulding machine, bead wires etc.

(Rs. In crore)

	2003-2004	2004-2005	2005-2006
Import	25.91	36.75	12.02
Export	22.29	46.15	50.32

### 3.2.5 Material Handling Equipment

The range of equipment manufactured includes

crushing and screening plants, coal/ore/ash handling plant and associated equipment such as stackers, reclaimers, ship loaders/ unloaders, wagon tippers, feeders etc. catering to the growing and rapidly changing needs of the core industries such as Coal, Cement, Power, Port, Mining, Fertilizers and steel plants. There are 50 units in the organised sector for the manufacture of material handling equipment. Besides, there are number of units operating in the small-scale sector. The industry is self sufficient in meeting domestic demand and is also capable of meeting global competition

(Rs. in crore)

	2003-2004	2004-2005	2005-2006
Import	242.58	261.44	545.54
Export	41.54	80.16	77.91

### 3.2.6 Oil Field Equipment

The petroleum industry in India is undergoing a major change. With the ongoing process of liberalisation, the industry has been thrown open for private sector in all major areas of exploration, production, refining and marketing, and this has resulted in increased demand for the oil field and related equipments. Domestic production covers mainly the on-shore drilling equipment. Under Offshore drilling only offshore platforms and some other technological structures are being produced locally. The major producers of these equipments are BHEL, Hindustan Shipyard, Mazagaon Dock and Larsen & Toubro.

(Rs. in crore)

	2003-2004	2004-2005	2005-2006
Import	142.49	638.20	352.84
Export	165.81	300.47	71.87

### 3.2.7 Metallurgical Machinery

Metallurgical machinery includes equipment for mineral beneficiation, ore dressing, size reduction, steel plant equipments, foundry

equipments and furnaces. At present there are 39 units in the organized sector engaged in the manufacture of various types of metallurgical machinery. The existing production capacity in the country is sufficient to meet the demand of these equipment in the country. Indigenous manufacturers are in a position to supply majority of the equipment for steel plants e.g. blast furnaces, sinter plants, coke ovens, steel melting shop equipment, continuous casting equipment, rolling mills & finishing line. However, there is a technological gap in the basic design and engineering for plant and equipment required in the ferrous and non-ferrous sector for which the domestic manufacturers are dependent on imported know-how. Since the process of making ferrous and non-ferrous metal is linked up with the design of the equipment, there is a need for close interaction between the process know-how, designers and equipment manufacturers.

(Rs. in crore)

	2003-2004	2004-2005	2005-2006
Import	495.28	454.40	1200.65
Export	434.23	370.70	535.04

### 3.2.8 Mining Machinery

The major mining equipments are Longwall Mining Equipment, Road Header, side discharges Loader (SDL), Haulage Winder, Ventilation Fan, Load Haul dumper (LHD), Coal Cutter, Conveyors, Battery Locos, Pumps, Friction Prop, etc. At present there are 32 manufacturers in the organized sector both in public and private sector for underground and surface mining equipment of various types. Out of these, 17 units manufacture underground mining equipment. Majority of the requirement of the mining industry is being met by the indigenous manufacturers.

(Rs. in crore)

	2003-2004	2004-2005	2005-2006
Import	16.80	39.01	41.99
Export	1.15	1.55	5.90

### 3.2.9 Dairy Machinery

At present there are 16 units in the organized sector, both in private and public sector, manufacturing Dairy Machinery equipments such as evaporators, milk refrigerators and storage tanks, milk and cream deodorizers, centrifuges, clarifiers, agitators, homogenisers, spray dryers and heat exchangers. Small Scale units are also contributing to the indigenous production. The spray dryers, plate type heat exchanger and other core equipment for milk powder plant call for high degrees of polish requirement on the equipment because the presence of any micro crevices resulting from inadequate polish tends to be the incubation and breeding ground for the bacteria. The technology gaps exist for handling equipments such as self cleaning cream separator, aseptic processing systems, and for the equipment required for manufacture of yoghurt and traditional Indian sweets.

(Rs. in crore)

	2003-2004	2004-2005	2005-2006
Import	18.15	21.05	52.36
Export	10.54	8.08	5.95

### 3.3 Machine Tools

Machine Tool Industry is in a position to export general purpose and a standard machine tool to even industrially advanced countries. During last four decades, the machine tool industry in India has established a sound base and there are around 160 machine tool manufacturers in the organized sector as also around 400 units in the small ancillary sector. The industry, however,



CNC Axle grinding machine manufactured by HMT

lacks in design and engineering capability to undertake very high precision CNC Machines. Some companies have taken up manufacture of CNC Machines, but there is a need to upgrade research and development in this field. Indian machine tools are manufactured to the international standard of quality / precision and reliability. A number of collaborations have also been approved for bringing in the latest technology in this field of modern machine tools and the industry is now exporting conventional as well as NC/CNC high - tech machine tools. In the field of R& D, Central Manufacturing Technology Institute, Bangalore has been doing research for more appropriate designed machine tools. There is gap in technology for Special Purpose Machines and even in some categories of CNCs. Import of technology is encouraged to bridge the gap. Performance of the industry during the last three years is tabulated below:

(Rs. in crore)

	2003-2004	2004-2005	2005-2006
Production	797.00	1089.04	1342.00
Import	965.00	1820.83	2899.00
Export	55.00	52.61	50.00

### 3.4 International Cooperation

The Department endeavors to promote international cooperation in the field of heavy industries and maintains interaction with businesses through high level official and ministerial contacts; following initiatives need special mention in this regard.

- (i) An Italian Delegation headed by Mr. Roberto Forimogni, President Lombardi Region, Italy alongwith the Italian Ambssador to India and a French Business Delegation headed by Mr. Jean Burelle, Chairman, MEDEF International (equivalent to the Indian CII and FICCI) alongwith French Ambassador to India met Minister ( HI & PE) and had discussions regarding mutual cooperation for Investment and technology transfer in the areas of auto & auto components sector.

- (ii) Indo-Czech Joint Working Group on Heavy Industries met twice on June14-16,2006 at Prague and January 24, 2007 at Bangalore. Heavy Engineering Corporation(HEC); HMT and Bharat Heavy Electricals Limited (BHEL) have executed MOUs with their Czech counterparts. HMT has shown interest in reconditioning/refurbishment and repairs of Czech origin machines installed in India.

# Chapter 4

## Automotive Industry

### 4. An Overview

4.1 Automotive Industry, globally as well in India, is one of the drivers of the economy. Owing to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and propels economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles such as passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles, scooters, motor-cycles, mopeds, three wheelers, etc.

4.1.1 Automobile Industry was delicensed in July, 1991 with the announcement of the New Industrial Policy. The passenger car was, however, delicensed in 1993. No industrial license is required for setting up of any unit for manufacture of automobiles except in some special cases. The norms for Foreign Investment and import of technology have also been progressively liberalized over the years for manufacture of vehicles including passenger cars in order to make this sector globally competitive. At present 100% Foreign Direct Investment (FDI) is permissible under automatic route in this sector including passenger car segment. The import of technology for technological upgradation on royalty payment of 5% without any duration limit and lump sum payment of USD 2 million is also allowed under automatic route in this sector. With the gradual liberalization of the automobile sector since 1991, the number of manufacturing facilities in India has grown progressively. At present there are 15 manufacturers of passenger

cars & multi-utility vehicles, 9 manufacturers of commercial vehicles, 14 of 2/3 wheelers and 14 of tractors besides 5 manufacturers of engines.

4.1.2 The automotive industry comprising of the automobile and the auto component sectors has made rapid strides since delicensing and opening up of the sector to FDI in 1991. The industry had an investment of more than Rs.50,000 crore in 2002-03 which is slated to go up to Rs. 80,000 crore by the year 2007. The Indian automotive industry has already attained a turnover of Rs. 1,65,000 crore (34 billion USD). The industry provides direct and indirect employment to 1.31 crore people. The contribution of the automotive industry to GDP has risen from 2.77% in 1992-93 to 5% in 2005-06. The industry is also making a contribution of 17% to the kitty of indirect taxes of the Government.

4.1.3 The automobile manufacturers have set up a manufacturing capacity of over 95 lakh vehicles per annum. Today, India is the world's second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles, manufactures largest number of tractors in the world and is the fourth largest passenger car market in Asia. A supplier driven market having no more than a handful of vehicular models two decades ago, now offers more than 150 models and variants by way of customer options. The installed capacity of the automobile sector during the year 2005-06 was as under:

(in nos.)

S. No.	Segment	Installed capacity
1.	Four wheelers	1,590,000
2.	Two & Three Wheelers	7,950,000
3.	Grand Total	9,540,000

## 4.2 Performance

### 4.2.1 Production

Automotive industry, one of the largest industries in India, has been witnessing impressive growth during the last two decades. This industry has been able to restructure itself, absorb newer technologies, align itself to the global developments and realize its potential. This has significantly increased industry's contribution to overall industrial growth in the country.

The automotive sector recorded a growth of 15.06% in 2005-2006. During the year 2006-07 (up to April-Nov.2006), the Industry has registered a growth rate of 16.07%. The details of actual production during 2005-2006 and 2006-2007 (up to April-Nov.2006) are given below:

(in nos.)

S. No.	Production	2005-2006	2005-2006 (Apr.-Nov.05)	2006-2007 (Apr.-Nov.06)
1.	Commercial Vehicles	391078	247277	325475
2.	Cars	1045881	666898	792446
3.	Multi-Utility Vehicles	263032	173407	195113
4.	2-wheelers	7600801	4990487	5739861
5.	3-wheelers	434424	275579	361525
	TOTAL	9735216	6353648	7414420

### 4.2.2 Export

Automotive industry of India is now finding increasing recognition worldwide and a beginning has been made in exports of vehicles as well as components. During the year 2003-04, the export of automobile industry had registered a growth rate of 55.98% while it was 31.25% and 28.03% during the year 2004-05 and 2005-06 respectively. During the year 2006-07 (up to No.2006), the automobile exports registered a growth of 27.25%. The details of exports during 2005-2006 and 2006-2007 (up to April-Nov.2006) are given below:-

(in nos.)

S. No.	Export	2005-2006	2005-2006 (Apr.-Nov.05)	2006-2007 (Apr.-Nov.06)
1.	Commercial vehicles	40581	24443	31363
2.	Passenger cars	170193	113280	126734
3.	Multi- Utility Vehicles	5579	3614	3983
4.	2-wheelers	513256	343446	430412
5.	3-wheelers	76885	50805	89039
	TOTAL	806494	535588	681531

### 4.2.3 Vehicular Pollution Control measures by the Government

Government initiated pollution & safety checks by notifying emission & safety standards from the year 1992 which were further modified in April, 1996 under the Motor Vehicle Act. BHARAT STAGE-I (Equivalent to Euro I) emission norms have already been made applicable throughout the country. Euro II equivalent Bharat Stage II norms are in force from 2001 in 4 metros of Delhi, Mumbai, Chennai and Kolkata. These norms have been extended to entire country w.e.f. 1.4.2005. India is harmonizing its Emission Norms for four wheelers with the European Regulation and has adopted Euro III, equivalent norms in 11 Metropolitan Cities from April 2005.

## 4.3. Auto Components Industry

### 4.3.1 Production

Surge in automobile industry since the nineties has led to robust growth of the auto component sector in the country. The Phased Manufacturing Policy (PMP) followed in the 1980s enabled the component industry to induct new technologies, new products and a much higher level of quality in their operations that enabled quick and effective localization of the component base. The Indian auto component industry over the years has played a key role in the growth and development of the country's automotive industry. Responding to emerging scenario, Indian auto component sector has shown great advances in recent years in terms of growth,

spread, absorption of newer technologies and flexibility, despite multiplicity of technology platforms and low volumes. India's reasonably priced skilled workforce, large population of technology workers coupled with strengths gained by the country in IT and electronics, have all significantly contributed to the environment for significant leap in the component industry. The Indian auto component sector is being tipped as the next industry, after software, that has the potential of becoming globally competitive. Indian auto component industry is widely spread over 500 firms in the organized sector producing practically all parts and more than 10,000 firms in small unorganized sector, in tierized format) and has been one of the fastest growing segments of auto industry, growing by over 28% in nominal terms, between 1995-98. After a spell of lull following global economic slump, component industry's growth rate has bounced back to 38% in 2002-03. However, the Industry could not sustain such a high growth rate and could achieve a growth rate of 24% in 2003-04 and 16% each in 2004-05 and 2005-06. The performance of the Auto Component Sector in terms of Turnover, Export and Employment during the past 4 years is as follows:

(Rs. in crore)

Indicators	2002-03	2003-04	2004-05	2005-06
Output	24500	30640	36540	45500
Exports	3800	4620	6237	9127
Employment	5,00,000 persons	5,00,000 persons	5,00,000 persons	5,00,000 persons

#### 4.3.2 Export

India is being preferred as low cost country by various global OEMs for sourcing auto components for their worldwide production. As a result of this, Indian auto component industry's export scenario has changed. Now 75% of its export is directed to OEM and rest is feeding the after sales market overseas. While auto component exports grew by 40 percent in 2004-05 to a level of US\$ 1.4 billion, it registered

a growth rate of 46% in 2005-06 and crossed US\$ 2 billion mark. A high growth of over 40% is expected to materialise in 2006-07 as well. Total export was of the order of Rs. 6237 crore during the year 2004-05 and Rs. 9127 crore during the year 2005-06.

#### 4.4. Agricultural Machinery

Agricultural Machinery mainly consists of Agricultural Tractors, Power Tillers, Combine Harvesters and other agriculture machineries and implements. Due to negligible production of Power Tillers, Combine Harvesters and other agriculture machineries, this sector is mainly dominated by agricultural tractors.

##### 4.4.1 Agricultural Tractors

At present, there are 14 units in the organized sector manufacturing agricultural tractors covering a wide range from lower Horse Power in the range of 16-20 to higher Horse Power of 75. The Indian tractor industry has a total investment of over Rs. 6000 crore and a turnover of Rs. 8000 crore per annum. The industry provides employment to over 25,000 people directly and to over 1,50,000 people indirectly. Performance of the tractor industry is given below.

##### 4.4.2 Production

The Industry made a beginning in 1961 with a total production of 880 units. There has been a substantial growth in the production of tractors since late 1990s and the production has reached a level of 2,34,575 in 2000-2001. Production figures of tractors during the last few years are given below:-

Year	Numbers
2000-2001	2,34,575
2001-2002	2,15,000
2002-2003	1,62,000
2003-2004	1,91,633
2004-2005	2,48,976
2005-2006	2,92,908



Air Conditioned Tractor - Chandi

During the year 2005-06, the industry grew by 17.64% with the total production reaching the level of 2,92,908 tractors. The buoyant trend and industry growth is expected to continue in the fiscal 2006-07 as well largely due to continued thrust of the Government to increase the agricultural GDP. During the current financial year, up to Aug' 2006, the industry has achieved a growth rate of more than 30%.

#### 4.4.3 Exports

Indian tractors are gaining acceptance in the International markets as well. In the past 3 years, the exports of Indian tractors have grown at a CAGR of over 55%. During 2005-06, tractor exports from India have grown by around 41 per cent, of which the US absorbed major share. Exports to other countries such as South Asian countries, Malaysia and Turkey, are growing fast as well. Indian players have aggressively started exporting to African countries. The industry exported around 10% of its production during 2005-06 and during current year it is expected to be around 15%. The export performance of the industry during the past few years was as follows:

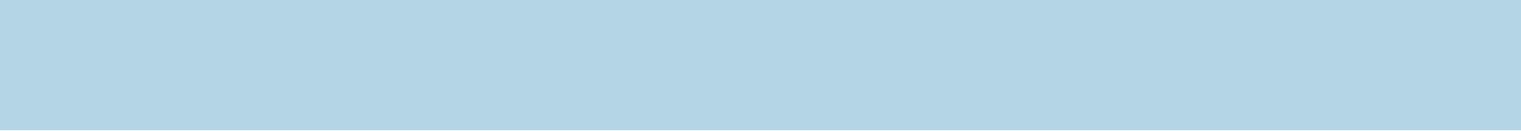
Year	No. of tractors exported
2000-2001	7345
2001-2002	8144
2002-2003	13,511
2003-2004	16,100
2004-2005	20000
2005-2006	28,188

#### 4.4.4 Technological capabilities

Though tractor industry started production by importing technology from renowned manufacturers in USA, UK, USSR, Germany, Poland, Czechoslovakia etc., over the years, technology has been fully absorbed. Some tractor manufacturers have introduced higher Horse Power tractors of 75 HP with imported components for meeting the specific requirements of high HP category of tractors. A wide choice of competitive models, ranging from 12 to 75 HP, is now available to the farmer. The tractor industry, represented by the successful units, has now attained a maturity, as judged by its capacity and capability to expand production as and when needed to meet any sudden surge in demand. The successful units have also developed expertise and capability for effecting horizontal transfer of technology to other developing countries.

#### 4.5. Earth Moving and Construction Machinery

4.5.1 Earth Moving Equipment and Construction Machinery Industry plays a vital role in the economic development of our country. This industry is closely linked with major development and infrastructural schemes such as coal and mineral mining, irrigation and power projects, ports, steel, fertilizers etc. The technology required to manufacture such machines was not earlier available. It was, therefore, necessary to permit import of technology for development of the same from internationally reputed manufacturers like KOMATSU, CATERPILLAR, POCLAIN, DRESSER, DEMAG & HITACHI. The earth moving equipment currently being manufactured covers Shovels up to 10 cu.m. capacity, Bulldozers up to 770 HP, Dumpers up to 120 HP, Excavators up to 8.5 cu.m. capacity, Scrapper and Motor Graders up to 280 HP and walking Draglines, Mobile cranes etc. Construction equipments, mainly road construction equipments such as graders,



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loaders, excavators, vibratory compactors, hot mix plants etc. are being manufactured indigenously. These machines help to speed up development in irrigation and power projects, coal and iron ore mining, for excavation of limestone for cement, for development and reclamation of vast track of land, building roads, making canals, preparing industrial sites and all facets of the country's development activity. These machines also reduce dependence on labour and provide automation in construction work.

4.5.2 Indigenous production of Earth-moving and Construction Machinery commenced in 1960s. Today, country is, by and large, self-sufficient in respect of these items. In fact, during the last decade, the industry has made enormous progress and has grown both in size and diversity. The total capacity available in the Earth Moving & Construction Equipment Industry is around 6000 nos. India has over 60 equipment manufacturers in organized sector besides several medium sized units. This industry is dominated by few large manufacturers in each product segment. BEML supplies nearly half the total market. BEML and Caterpillar lead in dumpers and dozers while L&T Komatsu and Telecon lead in excavators and Escort JCB in Backhoe loaders.

4.5.3 The industry witnessed a double digit growth in the sales turnover for the past two years with a phenomenal 33% growth in the year 2005-06. With the increased thrust in the infrastructure and construction sector, the industry is likely to sustain this growth trend in the current year also. The domestic demand for these products was about Rs. 7000 crore in 2005-06 and the export was to the tune of Rs. 800 crore .

# Chapter 5

## Technology Upgradation and R&D

5.1 India has established a strong and diversified manufacturing base for production of a wide variety of basic and capital goods to meet the requirements of various sectors including heavy electrical, power generation and transmission industries, process equipment, automobiles, ships, aircrafts, mining, chemicals, petroleum, etc. In the emerging global economy, innovation and adoption of new technologies are the key factors in competitiveness. In the Indian context, opening of the economy and consequently the entry of international players has substantially enhanced the need for production of goods and services to international standards. Indian Industry has undertaken a number of steps to meet the needs of the customers in a fast changing environment. CPSEs under the Department are also pursuing their plans to adopt and introduce new technologies through collaborations and in-house R&D efforts. Some of the initiatives in this regard are described below:-

### 5.1.1 Integrated Gasification Combined Cycle (IGCC) Project

To meet the growing energy needs of the nation, it is necessary to develop more efficient and environment-friendly technologies so as to reduce the adverse impact of coal based power plants on the fragile environment. Gasification of coal is the cleanest way of utilization of coal while combined cycle power generation gives the highest efficiency. Integration of these two technologies for power generation in Integrated Gasification Combined Cycle (IGCC) power plants offers the benefits of very low emissions, higher efficiency and has the potential for lower cost of electricity generation.

BHEL has been engaged in the development of IGCC technology for the last two decades. During this period, it has designed, set up and operated various test facilities, culminating in the 6.2 MW Combined Cycle Demonstration Plant at Tiruchi. This plant is based on Pressurized Fluidized Bed Gasification (PFBG) technology which is acknowledged by experts to be the best suited gasification technology for high ash Indian coal.

The Principal Scientific Steering Group, set up by Ministry of Power under the chairmanship of Secretary (Power) and having members from BHEL, Planning Commission, DST, CSIR, CEA etc. has concluded that a 125 MW IGCC demonstration plant is to be set up by BHEL for NTPC at one of the sites of NTPC. The 125 MW IGCC Demonstration Plant is expected to be stepping stone for further scale up to a commercial size IGCC Plant of over 350 MW. BHEL had submitted a Detailed Project Report on the 125 MW IGCC Demonstration Project to NTPC in January, 2006 for their suggestions and comments. The project is estimated to cost Rs.885 crore and to complete in 36 months. The project proposal is under consideration of BHEL and NTPC and will be taken up for implementation upon approval of the respective Boards.

### 5.1.2 Testing and R&D infrastructure for Automotive Sector

Government approved, in July 2005, the setting up of The National Automotive Testing and R & D Infrastructure Project (NATRiP) to create 'state-of-the-art' Testing, Validation and R & D infrastructure in the country to support the

growth and development effort of the automotive industry to reach international levels. NATRIP envisages setting up of world-class automotive testing and homologation facilities in India with a total investment of Rs.1,718 crore in two phases of three years each. The principal facilities will come up in the three automotive hubs of the country, in the south, the north and the west. The project aims at (i) creating critically needed automotive testing infrastructure to enable the Government in ushering in global vehicular safety, emission and performance standards, (ii) deepening manufacturing in India, promoting larger value addition leading to significant enhancement of employment potential and facilitating convergence of India's strengths in IT and electronics with automotive engineering, (iii) enhancing India's considerably low global outreach in this sector by de-bottlenecking exports and (iv) removing the crippling absence of basic product testing, validation and development infrastructure for automotive industry.

The project envisages setting up of the following facilities:-

- (i) A full-fledged testing and homologation center within the northern hub of automotive industry at Manesar in the State of Haryana,
- (ii) A full-fledged testing and homologation center within the southern hub of automotive industry at a location near Chennai in the State of Tamil Nadu,
- (iii) Up-gradation of existing testing and homologation facilities at Automotive Research Association of India (ARAI), Pune and at Vehicle Research and Development Establishment (VRDE), Ahmednagar,
- (iv) World-class proving grounds or testing tracks on around 4,000 acres of land, including summer and winter pads, the locations of which would be decided with technical assistance from a reputed global

consultant to be appointed on the basis of global tendering process,

- (v) National Center for Testing of Tractors and Off-Road Vehicles together with national facility for accident data analysis and specialized driving training in northern part of the country at Rae Bareilly in the State of Uttar Pradesh,
- (vi) National Specialized Hill Area Driving Training Center as also Regional In-Use vehicle management Center at Dholchora (Silchar) in the State of Assam.

Some of the principal milestones achieved during the last one year are listed below:-

- NATRIP Implementation Society (NATIS) headed by Secretary, Ministry of Heavy Industry & Public Enterprises was constituted and registered on 27 July '05. NATIS has a broad-based Governing Council involving all key stake holders. The Council has been meeting regularly guiding the project implementation. The Corporate and Site Offices have been set up with functional staff.
- The consortium led by IDIADA of Spain has been appointed as Global Consultants in January and they have submitted the Detailed Project Implementation Report in August 2006 as per agreed schedule.
- Geo-Technical and Topography Survey of Project Sites have been completed at all sites except Rae Bareilly where the land is yet to be made available.
- Transfer of ARAI's Regional Centre North (RCN) to NATIS has been completed and the center has been renamed as the International Centre for Automotive Technology (iCAT). Gazette Notification has been issued by Ministry of Shipping, Road Transport and Highways (MoSRTTH) for accreditation of iCAT as independent type approval agency under rule 126 of CMVR (Central Motor Vehicles Rule).

- Government has notified full custom duty exemption under the project import regulation on 24 May '06 for all project imports under NATIS.
- First facility of NATRiP - an ultra-modern Emission Lab at ARAI set up under NATRiP



Hon'ble M(HI & PE), Shri Sontosh Mohan Dev, inaugurating the Emission Certification Lab. at ARAI Pune on 17th July, 2006 in the presence of Shri Prithvi Raj Chavan, MOS, PMO

up gradation of ARAI was inaugurated by Hon'ble Minister for Heavy Industries & Public Enterprises 17 July, 2006 at Pune.

- NATRiP has taken a bold initiative by signing an MoU with Vehicle Certification Authority (VCA) of U.K Government on 27th October 2006 for providing internationally valid certification for automotive exports for homologation services to be provided by the upcoming NATRiP centres.



Signing of the MOU between VCA of UK and NATRiP in the august presence of Hon'ble M(HI & PE), Shri Sontosh Mohan Dev on 27th Oct., 2006

### 5.1.3 Comprehensive Scheme for Technology upgradation / R&D facilities for modernization of Capital Goods sector.

It is proposed to introduce a comprehensive scheme for modernization of the capital goods sector and to encourage business development initiatives to enhance the competitiveness of domestic manufacturers. Capital goods, being a strategic sector, have occupied a central place in the planning process of India since 1951. Over the years, the country has been able to develop a strong engineering and capital goods base capable of manufacturing the entire range of machinery to serve a wide cross-section of industry segments ranging from defence, oil & gas, refinery, nuclear, chemicals and petrochemicals, fertilizers, automobiles etc. In order to ensure steady growth and enhance the competitiveness of the industry in the context of increasing globalization, the scheme is intended to take some key policy initiatives for development of this sector. To start with, it is planned to address the core areas of constraints identified in the industry viz. modernization, business development services and R&D facilities. New sector specific parks and common facility centres would be promoted under the scheme. Initially this effort would cover five major CG sectors, viz.- Heavy Electrical Equipment, Process Plant Machinery, Mining & Construction Equipment, Textile Machinery and Machine Tools Industry which together account for nearly 70% of the total production in the capital goods sector.

### 5.2 R&D Initiatives By the CPSEs

Some of the programmes of technology upgradation and R&D efforts of the Public Sector Enterprises under the Department of Heavy Industry are detailed below:

#### 5.2.1 Bharat Heavy Electricals Ltd. (BHEL)

- In conformity with the global concern for environmental protection through

reduction of Nitrogen Oxide (NO<sub>x</sub>) pollutants from coal-based thermal power plants, BHEL has developed a state-of-the-art Bypass Over Fire Air (BOFA) system. In a demonstration of the system by retrofitting in Suratgarh 250 MW boiler, a reduction of upto 50% in NO<sub>x</sub> from the present level has been observed.

- BHEL has developed a steam leak detection system, which allows timely detection of Boiler tube leaks in thermal power plants. This prevents catastrophic failures and large-scale outages, by facilitating preventive shutdown.
- As its contribution to modernize the storage and inventory management system of the Indian Army, BHEL is executing a contract for installing its in-house developed Automatic Storage & Retrieval Systems (ASRS). Spread over 13 warehouses, the ASRS comprises more than 1,26,000 storage bins and a computer-based 'Warehouse Management System' which facilitates automatic operation through Radio Frequency Communication. Valued at over Rs. 100 crore, the contract was placed by Central Ordnance Depot, Kanpur.
- BHEL has manufactured solar panels comprising high-efficiency multi-junction solar cells with 5500 watts output and Satellites Batteries (Nickel-Hydrogen type 70 AH). These were deployed in the



Centre of Excellence For Computational Fluid Dynamics at Corp. R&D, BHEL, Hyderabad

Communication Satellite, INSAT 4 A, which was put in geosynchronous orbit by ISRO in December, 2005.

- As part of improving the economies of solar photovoltaic systems to enhance the conversion efficiency of the solar cell by around 10-15%, anti-reflection coating technology has been developed.
- As part of its endeavor to offer quality products conforming to international standards to its customers, BHEL has got its large-size higher wattage (150 watt) PV modules certified by European Solar Test Installation (ESTI), Joint Research Centre (JRC), European Commission, ISPRA, Italy. BHEL had earlier obtained the certification for low wattage modules. This international recognition development will facilitate marketing of the entire spectrum of PV products in overseas markets.
- BHEL has successfully completed a Knowledge Management Project titled "Design automation of 500 MW condenser using Knowledge Based Engineering". During total process design, this automated system is free from human intervention and evolves various design alternatives and selects the optimum design. This modern IT tool will result in engineering cycle time reduction by 80% with economical and quality product.
- BHEL has developed High Voltage Series Capacitors for 400 kV series compensation, used in long transmission lines project of M/s Power Grid Corporation. International Standard IEC 60143 calls for special tests like Discharge-Current-Test for High Voltage Series Capacitors. BHEL, Bhopal has established this test facility in-house for the first time in the country.
- BHEL has designed, developed manufactured and tested for the first time in the country, a new 290 kW Inverter for

a prestigious project of the Indian Railways, to be used on their Diesel Electric locomotives (10-12 Locos per Year). With the development of this Inverter, power to the coaches for air-conditioning, light and fan will be supplied from the Diesel Electric Locomotive itself. With the result, a passenger coach will replace one power car, which could now be dispensed with.

- BHEL has successfully designed, developed, manufactured tested for the first time a Flameproof Squirrel Cage Induction Motor with Sleeve-Bearing, rated 1100 kW, 300 rpm, 6.6 kV, for export order of M/s PDO, OMAN. So far, all flameproof motors have been supplied with antifriction bearings only.
- BHEL has designed, developed, manufactured and tested for the first time, a new Generation 320 kW, Traction Alternator (Type: TA10103AZ) with Hotel Load Companion Alternator (Type: CA10104AZ, 80 kW) for a prestigious project of the Indian Railways, to be used on their 3600 HP BG Diesel Electric Locomotives (10-12 per year).
- BHEL has designed, developed, manufactured and tested 1263 kW Traction Alternator (Type: TA 101106 CY) with Gearbox (Type: GB 241Y) and Exciter/Auxiliary Generator (Type: AG3101AY-1) for retro fitment on 1800 HP Cape-Gauge Diesel Electric Locomotive for export order to Sudan Railways.
- BHEL has successfully designed, developed, manufactured and tested, for the first time, an 8 MW, 11500 rpm, turbine having inlet parameters of 65 ata, 480 C with a single uncontrolled extraction of 5T/hr. at 2.7 ata, and Condenser Pressure of 0.1 ata. This High Speed Impulse Steam Turbine prototype has been designed from fundamental principles using CFD analysis and 3D solid modeling for documents generation.

- BHEL has successfully designed for the first time, the XRS 943 Bowl mill for Thermax, Pune for installation in Steel Industry. The Mill has been designed to suit firing of coal in blast furnace. The developed design incorporates features like Ceramic Lined Converter head assembly in place of Mill Discharge Valve assembly, Hydraulic loading system in place of Spring assembly and Sintered Carbide Rollers are used in place of Hi-chrome Insert Type Rolls for longer wear life.
- BHEL has designed, developed, manufactured and tested successfully, a 38 kW, 220 V, 400 Hz compact Permanent Magnet Generator (PMG) suitable as pilot exciter for 250 MW Turbo generator. So far, BHEL has been offering PMGs with Aluminum-Nickel-Cobalt magnets, which have higher weight and size. The total design with electromagnetic design optimization of PMG with high-energy Neodymium-Iron-Boron magnets has been carried out using 3D-parametric design analysis.



38 kW, 220 Volts, 400 Hz Compact Permanent Magnet Generator (PMG) suitable as pilot exciter for 250 MW TG developed in-house at BHEL

### 5.2.2 Hindustan Paper Corporation Ltd. (HPC)

R&D and Technology Upgradation activities undertaken at HPC include:-

Tissue Culture based production facility for quality planting materials; Hardening of tissue

culture seedlings and distribution of the same to local farmers.

- Foam control in aeration lagoon in collaboration with National Environmental Engineering Research Institute and Central Pulp & Paper Research Institute.
- Alkaline sizing trial
- EFC Bleaching trial.

### 5.2.3 Hindustan Newsprint Ltd.(HNL)

Technology Upgradation and R& D activities are undertaken in the following areas:-

- Applied R&D activities on raising 2 lakh high yielding clonal plantlets for replanting part of Captive Plantation and HNL Land,
- Collaborative Research Project with KFRI for increasing productivity of Eucalyptus plantations,
- Enzymatic bleaching of Reed and Bamboo chemical pulp,
- Optimisation of blend of indigenous ONP and OMG in Deinking,
- Optimisation of Ph for controlling the foaming tendency of deinked pulp containing OMG.

### 5.2.4 Scooters India Ltd. (SIL)

#### Product Development:

- Development of 3-Wheeler with Front mounted 4 stroke Gasoline Engine operation on dedicated CNG/LPG fuel.
- Auto Rickshaw - 6 Passenger
- Auto Rickshaw - 3 Passenger
- Goods Carrier
- Development of Factory built Load body vehicles (Finish Painted)

#### Technology up-gradation:

- Upgradation of 2 Stroke Petrol Engine to meet BS II emission norm on CNG mode.
- Cost reduction in sheet metal component by Design change & process improvement.

- Improvement in product reliability by necessary design & process change.

### 5.2.5 Rajasthan Electronics & Instruments Ltd. (REIL)

#### a) Agro -Dairy Products/Applications :

- Designed, developed and commercialized the Smart DP-MCU company Milk Tester and Electronic Weighing Scale, for National Dairy Development Board, New Delhi, Developed the Milk Tanker Security System to address the need for prevention of pilferage and adulteration of Milk during transportation in milk tankers.

#### b) Solar Photo Voltaic System & modules :

- Designed and developed a new Dusk Dawn system with a real time clock, an LCD display, and feature to set the time for switching off the lighting circuit controlled by it. The product, after successful trials, is ready for commercialization.

#### c) Industrial Electronics and Information Technologies :

The Company has undertaken development of the following application on the Hand Held Computers (HHC):-

- Electronic Ticketing Machine
- Spot Billing Machine
- Traffic Offence Recording System
- Mobile recovery Terminal for Micro Banking
- Electronic Parking-lot Ticketing Machine.

The Company has developed a new product, called Animal Identification & Database Management System. The system comprises of Radio Frequency Identification tags, to be put on the animal; the RF tag reader; an appropriate PC interface with the reader, to download the data to the PC; and a suitable software for data-storage, processing and MIS implementation.

### 5.2.6 Praga Tools Ltd.(PTL)

The Company continued its efforts in Research and Development and brought out the following new products to meet the market demand.

- i) PTC-400 CNC Lathe with Z-Axis, . 425 mm
- ii) 455-PLC Model Surface Grinder
- iii) 530 Model, 30T Thread Rolling Machine
- iv) 540 Model, 40Thread Rolling Machine

### 5.2.7 Heavy Engineering Corporation Ltd., (HEC)

Specific areas in which R&D activities were carried out are detailed below :

- HSD for ISRO
  - Design and development of Horizontal Slidingdoors for Solid stage Assembly Building for ISRO, Sriharikota has been done.
- Hot Coke Car for Vizag Steel Plant
  - Hot Coke Car is designed for dry quenching installations provided with an individual lift for each quenching chamber. In the present design, modification has been done for longer life and better stability of machine.
- 10 cu.m. Skip Car for NINL
  - Design, development of 10 Cu.M Skip Car for NINL was developed. Earlier it was imported from Italy.
- Hot Blast valve dia. 1200 & Burner cut off valve dia. 1400
  - Design was developed for the fabricated body with integral rings and fabricated disc. Both the body and the disc are lined with castable refractory. The new design provides efficient cooling and perfect leak proofness with increased life and reliability as compared to the conventional design without refractory.
- Hoist Gear Boxed for BSL
  - Main Hoist Gear Boxed for crane was developedwith Ratchet Assembly. It

has gear ratio 34. Weight of the gear box is 6.25 T. Earlier it was imported from USSR.

- Casting of Mill Housing for M/s Magadh Precision Ltd., Indore for 20 Hi Mill & 6 Hi Mill to be finally exported to China.

### 5.2.8 HMT Ltd.

HMT has established R&D centers in every manufacturing unit to meet the needs of research & development of different products with a focus to improve product technology and enhance product competitiveness. Highlights of R&D activities carried out/planned in the different product area of HMT's domain are as below:

#### Tractors:

##### Engine :-

- Development of 75 HP Turbo Charger Engine,
- Development of HMT 2522, 3522, 4022, 4922, 6522 and HMT 7522 TC Tractor Engine for compliance to Bharat (Team) Stage-III Exhaust Emission norms under CMVR,
- Establishment of Emission Testing Lab.

##### Tractor:-

- CMVR certification of all HMT Tractor models and Trantor 65 & 75 HP for compliance to Bharat Stage- III,
- Compliance to latest amendment in CMVR Rule for noise, light and lightning device for all tractor models.

#### Watches:

- Over 111 new models/ variants of watches were developed and launched.

#### Bearings:

- R&D activities centered around the development of new Bearings for Defence and Indian Railways as well as improvement of existing Bearings. HMT Bearings was certified with ISO/TS 16949 quality certificate from KEMA, Netherland.

### 5.2.9 Burn Standard Co. Ltd.(BSCL)

#### Burnpur Works

- Implementation of Huck Bolt in place of rivets to cater the future requirement of Rly. Board.

#### Salem Works

- Benefication of Magnesite through Bio-leaching,
- Developed very good quality Mag Chrome/ Chrome mag bricks,
- Development of very good quality Mag Carbon Bricks achieving highest life (2657 heats) in Bokaro SMS-II Converter. Bricks were pressed in 2500 MT capacity vacuum attached hydraulic press.

### 5.2.10 Braithwaite Burn and Jessop Construction Co. Ltd. (BBJ)

- The company has developed an effective Erection Scheme to replace existing PSC girders (60 ft.) by steel girders in a very short time during block period on running line. This newly developed scheme has been successfully applied in gauge conservation projects in Assam and UP under NF Railway and NE Railway.
- BBJ has developed forward launching of 60m/450MT-trussed Bridge, which has been successfully used in DMRC project.

### 5.2.11 Andrew Yule & Co. Ltd. (AYCL)

The company has developed the following products as a part of its R & D program.

- Dry Type 315 KVA 6 KV and 11 KV/33KV Dry Type Transformer at Brentford Unit,
- 12 Catch Type Sectionaliser Switch Unit B21VI,
- 12 KV 400 A 20 KA Vacuum Cap. Switch with CGL VI as well as 100 A and 150 A single pole DC Moulded Case Circuit Breakers,
- Oil Field Auto Reclosures with Micro Processor based control panel.

### 5.3 National level Institutes for R&D in new Technologies

5.3.1 In the past, five national level institutes have been set up with UNIDO/UNDP assistance for research in new technologies. These are; Fluid Control Research Institute (FCRI), Pollution Control Research Institute (PCRI), Centre for Electric Transportation Technology (CET), Ceramic Technological Institute (CII), and Welding Research Institute (WRI). Out of these only FCRI is under the direct administrative control of the Department while the remaining four are managed by BHEL.

#### 5.3.2 Fluid Control Research Institute, Palakkad

Fluid Control Research Institute (FCRI) is a premier facility in flow measurement related services and solutions. It undertakes sponsored R & D projects, consultancy, analysis, and HRD programs for increasing awareness as well as expertise in flow related areas. The institute is a national certifying body for flow measuring system/electronics and instrumentation and helps industry in obtaining ISO 9000 certification by calibrating reference/master instruments. The institute caters to the needs of Metro/Urban Distribution Agencies, Oil and Natural Gas Network, for testing/calibration of flow control system at sites and in-house in the institute. The institute has established strong links with the oil & gas sector, water industry, power industry, process/manufacturing sector, automotive sectors, R&D Organization etc. through joint industry projects. Regular seminars, workshops and conferences on topical issues related to flow measurement are undertaken for industry/academics.

The Institute has completed 110 projects making it one of the specialized fluids engineering research Institute dedicated to approved technology services such as consultancy, testing, certification and training for privates and public sectors organizations.

### 5.3.3 Ceramic Technological Institute(CTI), Bangalore

The developmental objective of this project is to support the Indian Ceramic Industry in modernising its technology and to develop new products of advanced ceramics. Areas of research at CTI relate to Nano-Technology, Separation Technology, Microwave Processing, and Plant related Investigations and special Projects. The institute has been working closely with some of the major international organizations namely Max Planck Institute, Germany; Univ. of Utah, USA; and NIFS, Japan. Some of the major developments at CTI are Cordierite kiln furniture, Ceramic armour, Ceramic Honeycomb for Catalytic Converter, Diesel Particulate filter and Ceramic Grinding media. Major ongoing R & D efforts are on Porous Ceramics for Industrial Water treatment, gas filtration, Composite Insulators with nano additives, etc.

### 5.3.4 Centre for Electric Transportation(CET), Bhopal

The Project for development of Electric Transportation Technology was approved by the Govt. of India and UNDP in July 1988. The capabilities in the Centre have been developed to analyse and test all aspects of electrically powered vehicle designs to improve their performance, reliability and efficiency. Some of its recent achievements include Combined System Testing of GTO based 3 phase drive system for 1500 V DC/25 kV AC dual voltage EMUs for Central Railways, Combined System testing of IGBT based 700 HP Diesel Electric Locomotive, Testing of import substitute Traction Alternator for 4000 HP DIESEL Electric Locomotive for Indian Railways.

### 5.3.5 Pollution Control Research Institute (PCRI), Hardwar

Pollution Control Research Institute (PCRI) was set up by Department of Heavy Industry with Bharat Heavy Electricals Ltd. (BHEL) as the lead agency under United Nations Development Programme (UNDP). The objectives of PCRI are

environmental management, pollution control in the areas of water, noise and solid waste management. The institute is recognized as Environmental Lab under Environment Protection Act 1986 by Central Pollution Control Board, Ministry of Environment and Forests, Govt. of India and number of State Pollution Control Boards. The Institute has undertaken a number of R & D projects to develop industrial pollution control technologies, such as Environmental Impact Assessment/Auditing, Leachability studies of Fly Ash in thermal power plants, Disinfection of treated sewage using ultra violet radiation, River water quality assessment for Ganga and Western Yamuna Canal at selected stretches, assessment of heavy metal emission from thermal power plants, etc. Major R & D projects in hand include development of application tool for air quality modeling, characterisation of effluents from thermal power plants, and development of advance facilities for micro-biological analysis.

### 5.3.6 Welding Research Institute (WRI), Tiruchirapalli

Welding Research Institute (WRI), the only one of its kind in the country, is equipped with state-of-the-art welding research facilities like electron and laser beam, flashbutt, friction and plasma welding in addition to facilities for conventional arc welding. Further, it has advanced testing facilities for fatigue testing, Residual stress measurement, Residual life estimation etc. The institute has been providing services to ISRO, Indian Railways, Defence and industry in Public and Private sector. The institute maintains close contact with various national and international level associations/organizations, major customers, and researchers to share and publicise developments in welding related fields. It also undertakes training of welders on a regular basis. Major ongoing R & D projects include development of fabrication procedures in new materials for Super critical and ultra super critical Boilers, Development of Friction Stir Welding technology, Study of Welding fumes, Development of Robotic Time Twin Technology, etc.

# Chapter 6

## Welfare of SC/ST/OBCs/Minorities

- 6.1 This Department is highly conscious of the obligations of Public Sector Enterprises to promote the welfare of minorities in the light of Government's directive on the subject. Instructions issued by the Government in respect of reservation in appointment/promotions for SC/ST/OBCs, Persons with Disabilities (PWD) and minorities are being followed by the CPSEs under the Department. As per the Prime Minister's directions, a special recruitment drive to fill up backlog of vacancies reserved for SCs and STs in Central Public Sector Enterprises has been launched.
- 6.2 An SC/ST Cell has been functioning under the supervision of a Liaison Officer of the rank of Director for proper monitoring of the implementation of reservation policy of the Government of India. This Cell is also responsible for conducting annual inspections of reservation rosters of the PSEs. The work force in the PSEs consists of a large number of persons from different minority communities. Their integration into the mainstream workforce is complete in all PSEs and there is no discrimination on account of their creed or religious beliefs. In terms of facilities like residential accommodation etc., all employees are treated at par.
- 6.3 Every year Quami Ekta/Sadbhavna Diwas is organized where people from all sections of the society including women and children participate to stimulate the spirit of oneness, national integration and harmony.

# Chapter 7

## Empowerment/Welfare of Women

- 7.1 Department of Heavy Industry and the PSEs under its administrative control constantly endeavor to ensure that there is no discrimination against women on any account. All members of the staff are made conscious of the principles of gender mainstreaming and gender justice enshrined in the Constitution of India.
- 7.2 In order to create awareness regarding human rights especially of female employees, in accordance with the directions issued by the Government for the preservation and enforcement of rights to gender equality and justice to working women employees, a Complaint Committee headed by a woman officer is in place in this Department for redressal of complaints related to sexual harassment of women. Department actively encourages women employees to freely participate in all activities like meetings, seminars, competitions and training etc. This helps in ensuring their integration into the mainstream work force.
- 7.3 In terms of Ministry of Finance, Department of Economic Affairs instructions, a Gender Budgeting Cell has been constituted in the Department to address issues pertaining to gender budgeting.

# Chapter 8

## Vigilance

- 8.1 Vigilance activity is an essential requirement of any organization. The Department has a Chief Vigilance Officer of the rank of Joint Secretary to look into complaints against the employees of the Department as well as Board level officers of the Public Sector Enterprises and Organizations under its administrative control. He is assisted by a Director, one Under Secretary and a Vigilance Section.
- 8.2 The main areas of work of Vigilance Section are:
- Dealing with complaints against Board level appointees of PSEs as well as the officers of the Department of Heavy Industry;
  - Issue of vigilance clearance in respect of Board level appointees in CPSEs and all other appointments based on CPSEs recommendation requiring ACC approval;
  - Liaisoning with CVC, CBI and CVOs of PSEs under DHI to streamline flow of information in respect of vigilance matters;
  - Tendering advice on issues of financial irregularity and procedural irregularity;
  - Vetting charge sheet in respect of charges against Board level appointees.
- 8.3 The vigilance organization also lays emphasis on preventive vigilance and is promoting the use of IT to bring about greater transparency, However, punitive measures are taken in appropriate cases and followed up wherever required.
- 8.4 Vigilance Section is responsible for maintaining Annual Confidential Reports of officers and staff of the Department and also of the Board level appointees & Central Vigilance Officers (CVOs) of PSEs under the administrative control of this Department.
- 8.5 Vigilance Section also monitors submission of Annual Property Returns by officers and staff of the Department of Heavy Industry as well as the Chief Executives of PSEs under the Department of Heavy Industry.

# Chapter 9

## Promotion of Hindi

- 9.1 The Official Language Section in the Department takes up measures to promote use of Hindi in the Department. The Efforts to promote the use of Hindi in official works of the Department continued during the year. The Official Language Implementation Committee held its periodical meetings regularly to review the progress made in use of Hindi and suggested ways to remove the impediments in implementation of provisions of the Official Language Act, 1963 and the rules made there under. The first meeting of reconstituted Hindi Advisory Committee was held on 25th May, 2006. The valuable suggestions given by the Hon'ble Members of the Committee to propagate progressive use of Hindi in Official work have been considered and are being implemented seriously.
- 9.2 During the period under review, the Parliamentary Committee on Official Language inspected the offices of Cement Corporation of India Ltd., New Delhi; Bharat Heavy Electricals Ltd., Jhansi; and Richardson & Cruddas Limited, Mumbai; and has expressed satisfaction with the progress in use of Hindi. The officers of the Department carried out inspections of some enterprises during the year to monitor progress made in the use of Hindi and the officers of these enterprises so visited were apprised of the Official Language Policy of the Government of India.
- 9.3 All the Notifications, Resolutions, Notes and Circulars, Parliament Questions, Annual Reports, Performance Budget, General Orders and papers laid on the Tables of both Houses of the Parliament were issued both in Hindi and in English. All the letters received in Hindi were responded to in Hindi. In order to promote the use of Hindi and to increase correspondence in Hindi a "Hindi Pakhwara" was organized from 1st September, 2006 to 15th September, 2006 during which several competitions including noting/drafting, translation from English to Hindi and vice-versa, Hindi typing on computer etc. were conducted. Officers of the Department participated in these activities with keen interest. Cash awards were given to winning candidates by Hon'ble Minister of State (HI&PE). A workshop was also organized for officers/employees of the Department to impart training in noting/drafting in Hindi as well as filling up the proforma for quarterly report for progressive use of Hindi correctly. They were also apprised of the Official Language Act, 1963.
- 9.4 Following important steps were taken to promote progressive use of Hindi in official work during the year:-
- Under rule 10(4) of the Official Language (Use for official purpose of the Union) Rule, 1976, vide which the Central Government is required to notify the offices where more than 80% staff have acquired working knowledge of Hindi, the Department has identified and notified Units of Hindustan Paper Corporation Ltd.
  - Implementation of the programme of learning Hindi through 'AAJ KA SHABDA'.
- 9.5 Public Sector Enterprises, under the administrative control of this Department, also continued to make vigorous efforts to implement the Official Language Act and its provisions. Various Seminars, Competitions and Workshops were organized in these PSEs to propagate use of Hindi. "HINDI PAKHWARA"/"HINDI WEEKS" were celebrated in these PSEs with great zeal.

## Allocation of Business to the Department of Heavy Industry

Department of Heavy Industry used to be one of the Departments of Ministry of Industry. With effect from 15th October, 1999, a separate Ministry viz. Ministry of Heavy Industries & Public Enterprises has been created. The Ministry comprises of the Department of Heavy Industry and Department of Public Enterprises. The Department of Heavy Industry has been allocated the following items of work:-

1. Heavy Engineering Corporation Limited
2. Mining and Allied Machinery Corporation Limited
3. Engineering Projects (India) Limited
4. Bharat Heavy Electricals Limited
5. H.M.T. (Bearing) Limited
6. H.M.T. Limited (Holding Co.) with Tractor Division
7. H.M.T. International Limited
8. H.M.T (Chinar Watches ) Limited
9. H.M.T Watches Limited
10. Scooters (India) Limited.
11. Andrew Yule and Company Limited
12. Bharat Ophthalmic Glass Limited
13. Bharat Leather Corporation Limited
14. Cement Corporation of India Limited
15. Cycle Corporation of India Limited
16. Hindustan Cables Limited
17. Hindustan Paper Corporation Limited
18. Hindustan Photo Films Manufacturing Company Limited
19. Hindustan Salts Limited
20. Hooghly Printing Company Limited
21. Instrumentation Limited
22. Nagaland Pulp and Paper Company Limited
23. National Bicycle Corporation of India Limited
24. The National Industrial Development Corporation Limited
25. National Instruments Limited
26. N.E.P.A. Limited
27. Rajasthan Electronics and Instruments Limited
28. Hindustan Newsprint Limited
29. Tannery and Footwear Corporation of India Limited
30. Tyre Corporation of India
31. Praga Tools Limited
32. Rehabilitation Industries Corporation Limited
33. Sambhar Salts Limited
34. Fluid Control Research Institute
35. Bharat Bhari Udyog Nigam Limited (Holding Company)

### Subsidiaries

- i) Bharat Brakes and Valves Limited
- ii) Bharat Process and Mechanical Engineers Limited
- iii) Bharat Wagon and Engineering Company Limited
- iv) Braithwaite, Burn & Jessop Construction Company Limited
- v) Burn Standard Company Limited
- vi) Jessop and Company Limited.
- vii) Braithwaite and Company Limited
- viii) Reyrolle Burn Limited
- ix) Weighbird (India) Limited

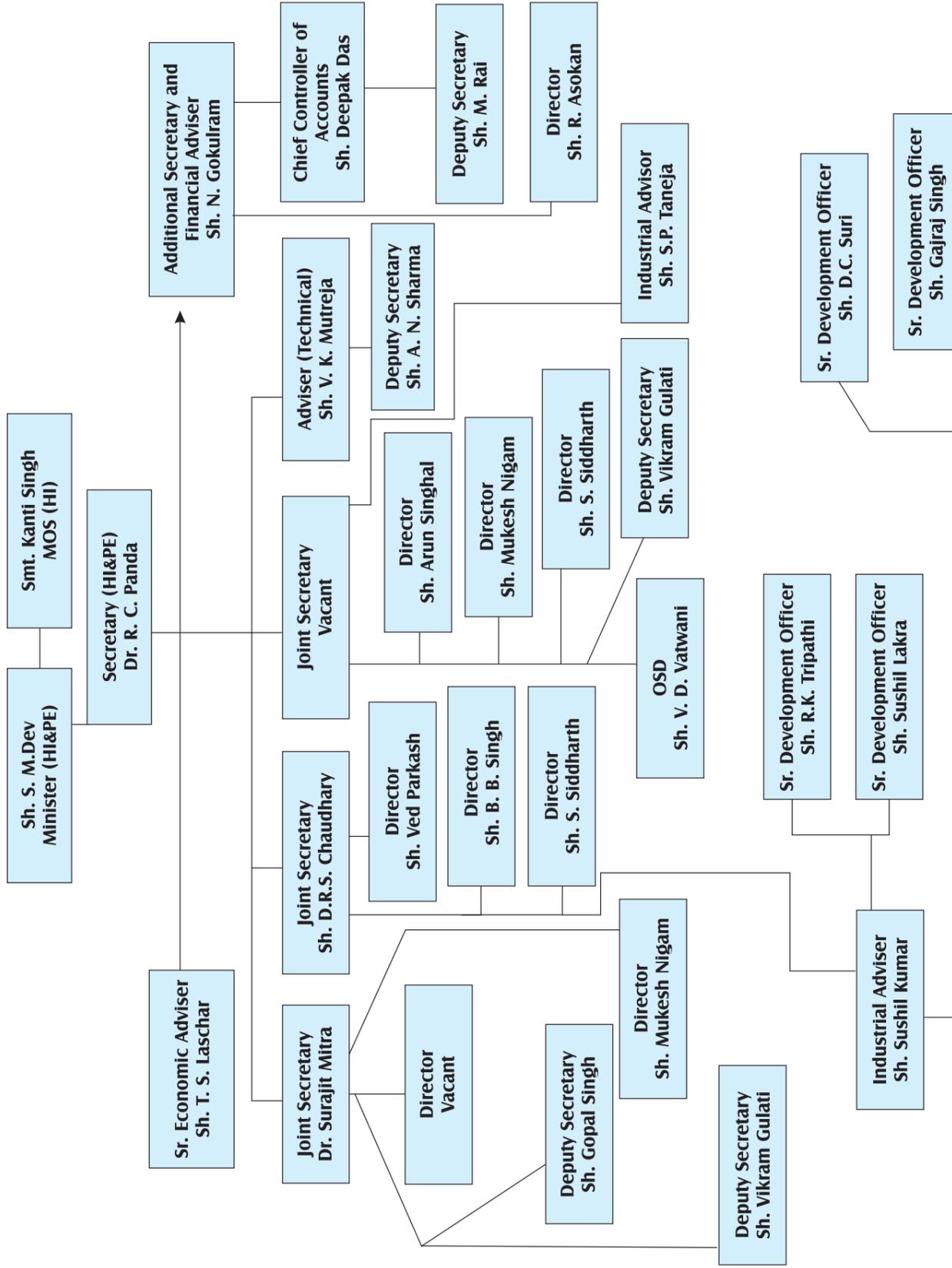
36. Bharat Yantra Nigam Limited

### Subsidiaries

- i) Triveni Structurals Limited
- ii) Tungabhadra Steel Products Limited
- iii) Bharat Heavy Plate and Vessels Limited
- iv) Bharat Pumps and Compressors Limited
- v) Richardson and Cruddas (1972) Limited
- vi) Bridge and Roof Company Limited
37. Maruti Udyog Limited
38. Manufacture of Heavy Engineering Equipment for all industries
39. Heavy Electrical Engineering Industries
40. Machinery Industries including Machine Tools and Steel manufacturers
41. Auto Industries, including tractors and earth moving equipment
42. All types of Diesel Engines.
43. Automotive Research Association of India
44. National Automotive Testing and R&D Infrastructure Project (NATRIP) and NATRIP Implementation Society (NATIS)

## Organogram of Department of Heavy Industry

22.02.2007



Annexure II

## Annexure III

### General Information about CPSEs under DHI

Sl.No.	Name of CPSE and location of Registered Office	Year of setting up of CPSE	Gross Block as on 31.3.2006 (Provisional) (Rs. in Crore)
1	Andrew Yule & Co.Ltd. (AYCL) Kolkata	1979	101.12
2	Hoogly Printing Company Ltd., Kolkata	1979	1.66
3	Bharat Heavy Electricals Ltd., New Delhi	1956	4007.00
4	Burn Standard Co. Ltd.(BSCL), Kolkata	1976	135.48
5	Braithwaite & Co.Ltd. (BCL), Kolkata	1976	43.50
6	Bharat Wagon & Engineering Company Ltd. (BWEL),Patna	1978	16.71
7	Braithwaite, Burn & Jessop Construction Co.Ltd. (BBJ), Kolkata	1987	6.63
8	Bharat Heavy Plate & Vessels Ltd(BHPV), Vishakhapatnam	1966	79.22
9	Bharat Pumps & Compressors Ltd (BPCL), Allahabad	1970	38.37
10	Richardson & Cruddas (R&C) (1972) Ltd., Mumbai	1972	30.62
11	Triveni Structural Ltd. (TSL), Allahabad	1965	20.15
12	Tungbhadra Steel Products Ltd.(TSP), Hospet,Karnataka	1967	21.22
13	Bridge and Roof Co.(India) Ltd.(B&R), Kolkata	1972	109.67
14	Hindustan Cables Ltd (HCL) Kolkata	1952	524.02
15	Heavy Engineering Corpn.Ltd (HEC), Ranchi	1958	317.83
16	HMT Ltd ( Holding Company), Bangalore	1953	120.46
17	HMT Machine Tools Ltd.,HMT(MT), Bangalore	2000	209.83
18	HMT Watches Ltd, Bangalore	2000	187.80
19	HMT Chinar Watches Ltd Jammu	2000	10.75
20	Praga Tools Ltd. (PTL) Secundrabad	1959	34.81
21	HMT (Bearing) Ltd., Hyderabad	1981	29.30
22	HMT(International) Ltd. Bangalore	1974	7.61
23	Instrumentation Ltd, (IL) Kota	1964	67.48
24	Rajasthan Electronics & Instruments Ltd., (REIL), Jaipur	1981	10.57
25	Scooters India Ltd (SIL) Lucknow	1972	51.96
26	Cement Corpn.of India Ltd. (CCI), New Delhi	1965	647.14
27	Hindustan Paper Corporation Ltd (HPC), Kolkata	1970	828.33
28	Hindustan Newsprint Ltd ( HNL) Vellore, Kottayam	1983	391.54
29	Hindustan Photo Films Mfg. Co.Ltd (HPF), Ooty	1960	720.64
30	Hindustan Salts Ltd. (HSL) Jaipur	1959	5.69
31	Sambhar Salts Ltd. (SSL) Jaipur	1964	9.95
32	Nepa Ltd. (NEPA) Napanagar	1958	115.00
33	Tyre Corpn.of India Ltd. (TCIL), Kolkata	1984	116.69
34	Engineering Projects (India) Ltd (EPI), New Delhi	1970	21.37
<b>TOTAL</b>			<b>9040.12</b>

Note : (i) 11 CPSEs namely, BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC,NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC,BOGL&NIL) are not in operation..

(ii) Apart from above 34 CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

## Annexure IV

### Employment Position including SC, ST & OBCs as on 31.3.2006 in CPSEs under DHI

Sl. No.	Name of PSE	Total Number of Employees				Number of SC/ST/OBC		
		Executives	Supervisors	Workmen Others	Total	SC	ST	OBC
1	2	3	4	5	6	7	8	9
1	AYCL	207	100	15532	15839	1019	4575	8088
2	Hooghly Printing	8	7	45	60	1	0	0
3	BHEL	9890	7226	25485	42601	7978	1900	3207
4	BSCL	139	173	1237	1549	168	16	287
5	BCL	69	42	433	544	56	1	1
6	BWEL	42	44	862	948	84	2	295
7	BBJ	45	6	40	91	6	1	0
8	BHPV	295	189	684	1168	257	106	271
9	BPCL	229	38	966	1233	194	3	377
10	R&C	22	14	37	73	8	0	7
11	TSL	60	50	201	311	34	0	112
12	TSP	38	64	240	342	71	7	95
13	B&R	629	306	263	1198	160	1	37
14	HCL	441	490	2222	3153	832	232	199
15	HEC	839	998	1620	3457	300	621	785
16	HMT (Holding Co.)	295	177	1957	2429	561	107	28
17	HMT (MT)	1050	432	2906	4388	755	209	834
18	HMT ((Watches)	75	60	69	204	41	4	20
19	HMT (Chinar Watches)	20	83	477	580	45	4	0
20	PTL	93	28	434	555	96	13	120
21	HMT (Bearings)	53	40	246	339	42	0	134
22	HMT (I)	48	10	10	68	10	4	3
23	IL	269	815	631	1715	281	79	274
24	REIL	51	49	94	194	30	12	30
25	SIL	212	72	1395	1679	304	2	461
26	CCI	173	199	1198	1570	197	123	192
27	HPC	581	198	2057	2836	275	208	105
28	HNL	185	90	764	1039	70	4	230
29	HPF	90	66	916	1072	176	54	345
30	HSL	13	36	82	131	18	9	16
31	SSL	9	27	101	137	35	9	37
32	NEPA	125	0	1340	1465	124	25	77
33	TCIL	51	24	202	277	15	2	0
34	EPIL	383	79	7	469	84	16	26
<b>TOTAL</b>		<b>16729</b>	<b>12232</b>	<b>64753</b>	<b>93714</b>	<b>14327</b>	<b>8349</b>	<b>16693</b>

Note : (i) 11 CPSEs namely, BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC, BOGL&NIL) are not in operation..

(ii) Apart from above 34 operating CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

## Annexure V

### Production Performance of CPSEs under DHI

		(Rs. in crore)				
Sl.No.	Name of CPSE	2003-04	2004-05	2005-06	2006-07 (Anticipated)	2007-08 (Target)
1	2	3	4	5	6	7
1	AY&CO	80.61	109.48	97.69	119.23	176.72
2	Hooghly Printing	8.39	9.98	5.09	10.00	12.50
3	BHEL	8631.00	10876.00	14911.00	17825.00	20675.00
4	BSCL	176.92	186.24	181.63	279.81	379.41
5	BCL	66.37	66.20	81.38	130.64	165.72
6	BWEL	12.55	19.63	31.33	83.00	101.09
7	BBJ	26.58	38.29	57.89	95.00	97.00
8	BHPV	34.00	140.00	114.00	175.00	200.00
9	BPCL	47.40	70.00	103.18	135.00	185.00
10	R&C	22.31	27.51	27.50	49.20	350.00
11	TSL	0.30	0.42	0.60	17.45	36.00
12	TSP	7.37	3.36	2.34	5.00	6.00
13	B&R	395.90	455.65	510.32	605.00	695.00
14	HCL	121.40	21.19	6.07	0.60	0.00
15	HEC	136.98	168.48	202.00	330.00	395.00
16	HMT(Holding Co.)	129.35	186.74	236.01	274.02	354.53
17	HMT(MT)	177.95	208.10	214.17	240.00	320.00
18	HMT(Watches)	25.64	19.33	29.17	60.00	90.00
19	HMT(Chinar Watches)	1.97	0.20	2.97	10.00	15.00
20	PTL	8.11	10.53	10.72	12.34	26.36
21	HMT(B)	23.60	24.42	25.00	33.11	49.74
22	HMT(I)	32.90	29.08	20.80	41.80	51.00
23	IL	153.25	175.85	219.98	250.00	280.00
24	REIL	31.37	34.64	30.67	32.00	36.00
25	SIL	148.62	135.36	167.20	204.39	212.32
26	CCI	131.33	178.53	230.03	261.61	297.21
27	HPC	581.91	551.62	677.59	689.58	717.65
28	HNL	250.99	273.55	303.01	342.70	342.70
29	HPF	34.76	16.83	15.37	20.15	23.50
30	HSL	5.63	4.71	6.67	9.37	5.75
31	SSL	5.25	7.19	8.22	7.98	20.83
32	NEPA	39.03	38.31	58.73	82.64	85.00
33	TCIL	144.32	60.31	144.75	144.39	175.10
34	EPI	462.69	526.45	655.84	714.55	794.48
<b>Total</b>		<b>12156.75</b>	<b>14674.18</b>	<b>19388.92</b>	<b>23290.56</b>	<b>27371.61</b>

**Note :** (i) 11 CPSEs namely; BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC, BOGL & NIL) are not in operation.

(ii) Apart from above 34 operating CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

## Annexure VI

### Profit(+)/Loss(-) (before tax) of CPSEs under DHI

(Rs. in crore)						
Sl.No.	Name of CPSE	2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Anticipated)	2007-08 (Target)
1	2	3	4	5	6	7
<b>(A) Profit making CPSEs*</b>						
1	Hooghly Printing	1.16	1.50	0.39	0.79	0.56
2	BHEL	1015.00	1581.00	2564.00	2820.00	3222.00
3	HPC	59.69	55.60	87.98	57.80	68.18
4	HNL	8.22	9.54	27.36	69.19	65.79
5	HMT(Holding. Co.)	-7.19	18.50	13.55	180.46	21.09
6	HMT(I)	0.13	0.08	0.98	0.34	0.43
7	HMT(B)	-9.58	-10.38	0.31	-4.41	-3.02
8	BPCL	-16.91	-9.81	2.17	16.14	26.91
9	B&R	3.18	1.49	3.11	11.63	17.87
10	BCL	-23.56	-21.91	2.21	3.64	14.49
11	BBJ	-24.30	0.33	0.49	1.68	8.25
12	CCI	-80.95	-218.94	831.84	10.31	499.62
13	EPI	29.66	7.75	13.31	15.10	16.70
14	PTL	-37.50	16.04	116.51	98.55	2.93
15	REIL	2.88	3.03	3.16	3.60	3.30
16	SIL	3.16	1.39	1.90	2.80	4.40
<b>Sub-total for (A) Profit making</b>		<b>923.09</b>	<b>1435.21</b>	<b>3669.27</b>	<b>3287.62</b>	<b>3969.50</b>
<b>(B) Loss making CPSEs</b>						
17	AYCL	-54.63	-75.35	-73.35	-45.65	20.37
18	BSCL	-110.65	-118.72	-442.74	-130.65	6.36
19	BWEL	-24.05	-28.10	-24.88	-9.03	3.32
20	TSP	-99.98	-57.53	-30.08	-23.43	-17.40
21	BHPV	-152.92	-78.23	-71.38	-27.39	-17.81
22	R&C	-39.26	-33.06	-42.54	-45.17	-23.42
23	TSL	-74.78	-51.54	-48.91	0.60	0.84
24	HCL	-307.87	-270.88	-295.32	-300.00	-310.00
25	HEC	-132.68	-285.02	-86.89	-8.55	0.31
26	HMT(MT)	-119.08	-73.80	-6.56	-102.77	36.25
27	HMT(Watches)	-135.00	-135.00	-76.00	-180.00	95.00
28	HMT(Chinar Watches)	-21.92	-25.23	-30.88	135.49	3.06
29	HSL	-2.41	8.34	-0.57	-0.04	0.67
30	SSL	-3.11	2.35	-1.26	-0.37	0.11
31	IL	-29.02	-16.98	-13.96	1.38	2.78
32	HPF	-443.02	-496.41	-560.90	-626.20	-688.82
33	NEPA	-31.22	-47.27	-51.93	-47.98	-47.26
34	TCIL	4.55	-56.87	-47.53	-49.58	-48.78
<b>Sub-total (B) Loss making</b>		<b>-1777.05</b>	<b>-1839.30</b>	<b>-1905.68</b>	<b>-1459.34</b>	<b>-984.42</b>
<b>Grand Total (A&amp;B)</b>		<b>-853.96</b>	<b>-404.09</b>	<b>1763.59</b>	<b>1828.28</b>	<b>2985.08</b>

**Note :** (i) 11 CPSEs namely; BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC, BOGL & NIL) are not in operation.

(ii) Apart from above 34 CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

\* Based on operating results for year 2005-06

## Annexure VII

Sl.No.	Name of CPSEs	Salary/Wage Bill & Social Overheads as % of Turnover of CPSEs under DHI						Social Overheads as % of Turnover							
		Wages and salaries as % of Turnover			Social Overheads as % of Turnover			Wages and salaries as % of Turnover			Social Overheads as % of Turnover				
		2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Anticipated)	2007-08 (Target)	2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Anticipated)	2007-08 (Target)	2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Anticipated)
1															
2	AYCL	42.89	40.13	41.08	34.14	19.79	12.68	15.93	11.29	9.18	6.63				
3	Hoogly Ptg.	18.01	15.64	30.13	15.93	15.20	1.20	1.23	1.08	1.02	0.96				
4	BHEL	18.93	15.97	12.94	13.44	14.61	2.86	2.21	1.89	1.76	1.56				
5	BSCCL	15.43	12.73	12.75	12.06	12.80	2.18	4.14	3.31	1.85	0.62				
6	BCL	20.26	21.20	10.39	9.42	6.70	0.88	0.78	0.77	1.08	1.05				
7	BWEL	158.99	96.29	56.39	26.01	28.30	2.34	1.74	0.58	0.56	0.60				
8	BBJ	15.19	10.00	8.53	7.19	7.82	1.07	0.69	0.57	0.53	0.61				
9	BHPV	58.14	29.15	22.99	16.11	12.50	6.59	3.46	2.93	2.19	2.00				
10	BPCL	43.70	32.70	26.30	23.70	16.80	1.92	1.24	1.03	0.89	0.76				
11	R&C	26.00	7.00	6.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00				
12	TSL	765.00	427.00	748.00	28.00	17.00	81.00	34.00	62.00	2.00	1.50				
13	TSP	66.32	126.00	96.77	33.00	20.00	5.80	4.50	7.77	5.00	6.00				
14	B&R	9.55	7.73	6.75	6.16	6.12	1.52	1.79	1.38	1.18	1.07				
15	HCL	52.30	278.63	735.32	9314.99	—	4.91	23.04	62.42	—	—				
16	HEC	44.80	41.20	32.70	21.80	22.30	7.40	7.40	0.70	0.00	0.20				
17	HMT(Holding)	37.70	30.06	23.47	21.19	17.68	4.18	3.07	3.67	3.10	2.47				
18	HMT(MT)	48.00	43.00	59.00	31.00	35.00	3.00	3.00	3.00	2.00	2.00				
19	HMT(Watches)	148.00	153.00	230.00	80.00	34.00	3.00	4.00	4.00	3.00	3.00				
20	HMT(Chinar)	1093.00	1779.00	694.00	134.00	92.00	167.00	280.00	124.00	21.00	15.00				
21	PTL	73.00	55.00	62.00	47.00	24.00	26.00	21.00	21.00	15.00	7.00				
22	HMT(B)	34.01	34.02	36.97	35.13	29.03	2.92	3.20	3.48	3.30	2.73				
23	HMT(I)	5.20	5.78	8.46	4.19	3.73	1.34	1.55	2.31	0.96	0.78				
24	IL	21.92	20.26	17.01	19.44	17.50	1.29	1.04	0.97	1.00	1.00				
25	REIL	7.70	7.87	8.38	8.68	8.18	1.43	1.49	1.62	1.80	1.82				
26	SIL	15.77	17.36	14.27	12.71	12.59	5.63	6.40	5.54	4.94	5.17				
27	CCI	19.80	11.45	21.50	9.40	8.53	8.79	4.76	10.25	2.35	2.64				
28	HPC	9.22	9.70	8.29	8.21	8.47	4.62	4.94	3.41	3.37	3.13				
29	HNL	8.54	8.32	8.27	6.14	6.69	4.08	4.82	5.03	3.74	3.60				
30	HPF	45.18	72.97	87.89	69.28	53.91	2.39	4.62	3.85	2.98	2.83				
31	HSL	60.44	42.94	48.17	34.12	29.20	3.56	3.99	3.91	2.86	2.24				
32	SSL	53.23	39.54	44.99	38.99	32.85	3.61	2.95	3.28	2.65	2.05				
33	NEPA	43.00	36.00	24.00	16.00	16.00	7.00	7.00	5.00	2.00	2.00				
34	TCIL	7.73	45.05	40.49	28.26	28.61	3.02	4.60	2.22	2.20	2.11				
35	EPIL	4.74	3.61	2.95	3.04	3.17	0.83	0.50	0.81	0.74	0.80				

**Note :** (i) 11 CPSEs namely; BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC, BOGL & NIL) are not in operation.

(ii) Apart from above 34 operating CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

## Annexure VIII

### Order book position of CPSEs under DHI

Sl.No.	CPSE	As on 1.10.2002	As on 1.10.2003	As on 1.10.2004	As on 1.10.2005	As on 1.10.2006
1	2	3	4	5	6	7
1	AY&CO	131.66	103.54	86.05	93.91	68.51
2	Hoogly Ptg	2.60	1.10	1.50	6.50	1.50
3	BHEL	13500.00	19000.00	28800.00	32200.00	45700.00
4	BSCCL	111.02	174.74	152.80	102.80	106.92
5	BCL	106.85	130.59	144.11	228.72	255.05
6	BWEL	32.68	115.48	101.99	150.94	32.74
7	BBJ	51.99	44.19	73.52	116.54	126.35
8	BHPV	166.48	121.33	186.99	305.87	348.57
9	BPCL	38.83	43.46	48.68	130.65	136.20
10	R&C	69.24	107.90	32.56	44.92	56.33
11	TSL	37.72	38.05	22.37	16.25	6.32
12	TSP	32.65	24.40	9.50	5.50	3.02
13	B&R	385.16	636.40	581.66	856.02	994.79
14	HCL	351.63	164.00	138.25	1.32	5.40
15	HEC	79.15	154.42	262.35	378.25	522.10
16	HMT(Hldg)	—	—	—	—	—
17	HMT(MT)	99.19	111.23	166.65	175.31	196.77
18	HMT(Watches)	—	—	—	—	—
19	HMT(Chinar Watches)	—	—	—	—	—
20	PTL	5.30	4.47	5.86	3.40	1.35
21	HMT(Bearing)	2.15	2.15	2.19	23.98	24.94
22	HMT(I)	53.15	12.11	21.68	7.51	44.44
23	IL	85.00	120.00	165.00	158.00	170.00
24	REIL	16.94	27.09	18.87	28.13	26.34
25	SIL	—	—	—	—	—
26	CCI	4.17	—	7.13	—	12.50
27	HPC	4.15	15.21	27.46	12.76	8.26
28	HNL	—	—	—	—	—
29	HPF	5.10	2.60	2.85	2.85	1.46
30	HSL	3.22	6.12	7.03	4.57	15.00
31	SSL	1.03	2.07	2.84	4.36	6.51
32	NEPA	5.94	4.99	13.15	51.70	78.73
33	TCIL	4.80	5.00	1.00	3.00	3.60
34	EPIL	595.78	891.26	1459.96	1580.39	1225.54
<b>TOTAL</b>		<b>15983.58</b>	<b>22063.00</b>	<b>32544.00</b>	<b>36694.15</b>	<b>50179.24</b>

Note : (i) 11 CPSEs namely; BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC, BOGL & NIL) are not in operation.

(ii) Apart from above 34 Operating CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

Annexure IX

Export Performance of CPSEs under DHI

(Rs. in crore)

Sl.No.	CPSEs	2002-03(Actual)			2003-04 (Actual)			2004-05 (Actual)			2005-06 (Actual)			2006-07 (Anticipated)		
		Physical	Deemed	Total	Physical	Deemed	Total	Physical	Deemed	Total	Physical	Deemed	Total	Physical	Deemed	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	AYCL	6.51	2.10	8.61	0.53	1.60	2.13	1.25	2.65	3.90	0.80	0.00	0.80	1.25	2.00	3.25
2	BHEL	637.00	1529.00	2166.00	596.00	1454.00	2050.00	829.00	1297.00	2126.00	745.00	3021.00	3766.00	1200	3994	5194.00
3	BSCL	1.48	13.17	14.65	2.53	4.90	7.43	4.71	0.00	4.71	2.75	0.00	2.75	7.80	0.00	7.80
4	BHPV	0.00	3.80	3.80	1.21	0.45	1.66	2.92	0.45	3.37	0.00	0.00	0.00	0.00	0.00	0.00
5	BPCL	0.00	5.29	5.29	0.00	7.03	7.03	0.00	3.97	3.97	0.00	4.20	4.20	0.00	0.00	0.00
6	R&C	0.38	0.00	0.38	0.40	0.00	0.40	0.83	0.00	0.83	1.17	0.00	1.17	0.00	0.00	0.00
7	B&R	0.65	0.00	0.65	2.85	0.00	2.85	1.95	0.00	1.95	10.00	0.00	10.00	0.00	0.00	0.00
8	PTL	0.00	0.15	0.15	0.08	0.57	0.65	0.30	0.22	0.52	0.24	0.00	0.24	0.00	0.00	0.00
9	HMT(I)	34.73	0.00	34.73	29.94	0.00	29.94	28.17	0.00	28.17	14.98	0.00	14.98	41.00	0.00	41.00
10	IL	0.51	1.89	2.40	0.26	3.85	4.11	0.47	5.32	5.79	0.23	9.01	9.24	0.25	9.75	10.00
11	REIL	0.09	0.00	0.09	0.17	0.14	0.31	13.36	0	13.36	1.09	0	1.09	1.00	0.00	1.00
12	SIL	0.94	0.00	0.94	1.06	0.00	1.06	1.05	0.00	1.05	0.63	0.00	0.63	0.75	0.00	0.75
13	HPC	0.00	10.32	10.32	0.00	3.12	3.12	0.00	48.33	48.33	0.00	43.37	43.37	0.00	52.26	52.26
14	HSL	0.65	0.00	0.65	0.21	0.00	0.21	0.41	0.00	0.41	0.39	0.0	0.39	0.36	0.00	0.36
<b>Total</b>		<b>682.94</b>	<b>1565.72</b>	<b>2248.66</b>	<b>635.24</b>	<b>1475.66</b>	<b>2110.90</b>	<b>884.42</b>	<b>1357.94</b>	<b>2242.36</b>	<b>777.28</b>	<b>3077.58</b>	<b>3854.86</b>	<b>1252.41</b>	<b>4058.01</b>	<b>5310.42</b>

## Annexure X

### Paid-up Capital, Networth and Accumulated Profit (+)/Loss(-) as on 31.3.2006 (Provisional) of the CPSEs under DHI

(Rs. in crore)

Sl. No.	Name of CPSE	Paid-up Capital		Networth	Accumulated Profit (+)/Loss (-)
		Government/ Holding CPSE	Others		
1	2	3	4	5	6
1	AYCL	157.85	3.46	-185.12	-342.35
2	HOOGLY PTG	1.03	—	2.83	0.20
3	BHEL	165.76	79.00	7301.00	7056.00
4	BSCL	132.55	—	-1042.12	-1166.63
5	BCL	16.75	—	4.43	-12.35
6	BWEL	10.10	—	-123.70	-128.78
7	BBJ	17.02	—	10.59	-6.42
8	BHPV	33.80	—	-498.20	-494.17
9	BPCL	53.53	—	-117.15	-167.16
10	R&C	54.84	—	-172.45	-220.89
11	TSL	21.02	21.02	-359.26	-380.22
12	TSP	8.44	—	-182.77	-191.21
13	B&R	39.63	0.36	71.17	32.03
14	HCL	417.69	1.67	-1521.51	-1997.61
15	HEC	453.24	—	-587.80	-1092.85
16	HMT (Holding Co.)	502.94	9.01	81.46	-392.04
17	HMT (MT)	15.70	—	-590.08	-468.31
18	HMT (Watches)	5.49	—	-715.57	-623.73
19	HMT (Chinar Watches)	1.66	—	-145.83	-134.99
20	PTL	15.89	19.11	-72.40	-193.87
21	HMT (Bearing)	35.95	0.51	-1.38	-26.86
22	HMT (I)	0.48	—	20.88	20.40
23	IL	89.79	—	-195.57	-265.99
24	REIL	1.66	1.10	12.53	9.77
25	SIL	47.33	1.95	63.10	14.12
26	CCI	446.82	—	-874.20	-1321.02
27	HPC	700.38	—	706.32	6.82
28	HNL	82.54	—	197.62	115.60
29	HPF	180.68	19.19	-3491.38	-3714.36
30	HSL	18.95	—	17.69	-11.54
31	SSL	1.00	0.00	-1.74	-14.09
32	NEPA	106.01	0.69	-241.70	-344.71
33	TCIL	93.10	—	-616.02	-709.12
34	EPIL	35.42	—	94.73	59.93
<b>TOTAL</b>		<b>3965.04</b>	<b>157.07</b>	<b>-3151.60</b>	<b>-7106.40</b>

**Note :** (i) 11 CPSEs namely; BPME, WIL, BBVL, RBL, TAFCO, CCIL, BLC, NBCIL, MAMC, NIDC & RIC have been closed and 3 CPSEs (NPPC, BOGL & NIL) are not in operation.

(ii) Apart from above 34 Operating CPSEs, there are two non-manufacturing holding companies (BBUNL & BYNL)

## Annexure XI

### Inputs sanctioned by the Govt. for revival/restructuring of CPSEs under DHI from June, 2004

As on 06.03.2007

(Rs. in crore)

Sl. No.	CPSE	Fresh GOI funds		Waivers/ conversions	GOI guarantee	Total	No. of employees as on 31.3.2006
		Capital Investment	Others				
1	Hindustan Salts Ltd., Jaipur	4.28	nil	66.32	nil	70.60	131
2	Bridge & Roof Co. Ltd., Kolkata	60.00	nil	42.92	nil	102.92	1198
3	BBJ Constn. Co Ltd., Kolkata	nil	nil	54.61	nil	54.61	91
4	Praga Tools Ltd, Secunderabad	5.00	nil	177.12	32.59	214.71	555
5	Heavy Engg Corp. Ltd. Ranchi	100.00	nil	1116.30	150.00	1366.30	3457
6	HMT (Bearings) Ltd., Hyderabad	7.40	nil	26.57	17.40	51.37	339
7	Braithwaite & Co Ltd., Kolkata	4.00	nil	112.91	nil	116.91	544
8	Cement Corpn of India Ltd., New Delhi	30.67	153.62	1252.25	15.70	1452.24	1570
9	Bharat Pumps & Compressors Ltd., Allahabad	nil	nil	153.15	3.37	156.52	1233
10	HMT (MT) Ltd. Bangalore	180.00	543.00	157.80	—	880.80	4388
11	Andrew Yule Co. Ltd., Kolkata	*	*	154.75	111.96	266.71	15839
12	National <sup>@</sup> Instruments Ltd. Bangalore	—	1.81	240.05	—	241.86	70
13	Nagaland Pulp & <sup>@</sup> Paper Co. Ltd. Tuli	251.26	38.19	126.98	252.99	669.42	294
<b>Total</b>		<b>642.61</b>	<b>736.62</b>	<b>3681.73</b>	<b>584.01</b>	<b>5644.97</b>	<b>29709</b>

\*Investment details under finalisation.

@ non- BRPSE cases.

## Important Audit observations from Comptroller & Auditor General Audit Report for 2006\*

- **Automotive Research Association of India, (ARAI), Pune**  
Excess Payment of Service Tax :- Due to non-adherence of provision of Service Tax Rules 1994, ARAI made excess payment of Service Tax resulting in blocking of Rs.1.28 crore, besides loss of interest of Rs. 8 lakh.  
(Report No. 3 of 2006)

### HMT Limited

Performance review on Marketing activities of Tractor Business Group

- The Tractor Business group (Group) comprises the tractor manufacturing division at Pinjore set up in 1971, (with a licensed capacity of 25,000 tractors and an installed capacity of 18,000 tractors per annum), marketing division at Chandigarh and Area Offices. Marketing of tractors is done through a net work of dealers who are the only link with the customers.
- The Company's market share of tractors declined from 6.1 per cent (1999-00) to 2.9 per cent (2004-05) due to working capital constraints resulting from slow recovery of funds locked up in the market and production constraints.
- The Group resorted to aggressive marketing techniques through advance of tractors to dealers through Area offices. Dealers in turn advanced most of the tractors to customers to show higher sales. The unsold tractors with dealers were taken back irrespective of their physical condition and credit was given to the dealers accounting the same as sales return. The sales returns, thus, amounted to Rs. 3.68 crore, Rs. 17.25 crore, Rs. 9.42 crore and Rs. 1.18 crore representing 1.28 per cent, 6.66 per cent, 5.76 per cent and 0.58 per cent of sales in 2001-02, 2002-03, 2003-04 and 2004-05 respectively. Thus, the aggressive marketing practice of the Group ended up in huge sales returns.
- The mounting Sundry debtors to turnover of the Group (43.55 per cent in 1999-00 to 89.59 per cent in 2002-03) were due to the injudicious practice of dumping tractors on dealers resulting in cash crunch and subsequent low volume of production/sales. (Report No. 8 of 2006) Commercial

- **Andrew Yule & Company Limited.**

Consequent upon acceptance of job without assessment of its financial capability and diversion of mobilization advance for repayment of bank loan, Andrew Yule & Company Limited could not execute the work as per milestone. As a result the contract was terminated and the Company suffered a loss of Rs. 85.34 lakh.

(Para 12.1.1 of Report No. 12 of 2006) Commercial

### Bharat Heavy Electricals Limited

Bharat Heavy Electricals Limited suffered a loss of Rs. 12.40 crore on account of payment of liquidated damages and penal interest because of delay in supply of equipment and spares, caused due to incorrect assessment of shop floor needs.

(Para 12.2.1 of Report No. 12 of 2006) Commercial

Though Bharat Heavy Electricals Limited had obtained a contract below cost, it did not take advance manufacturing action and could not adhere to the delivery schedule and thus incurred a loss of Rs. 1.32 crore on account of liquidated damages imposed by the Customer. Overall, the Company incurred loss of Rs. 7.66 crore in the execution of the contract.

(Para 12.2.2 of Report No. 12 of 2006) Commercial

Bharat Heavy Electricals Limited's failure to assess the advance tax liability resulted in avoidable payment of interest of Rs. 6.14 crore.

**(Para 12.2.3 of Report No. 12 of 2006) Commercial**

Due to delay of more than five years in commissioning of Air Pollution Control System, Bharat Heavy Electricals Limited continued to ignore the health and safety of local surroundings in violation of environmental norms. Besides, an amount of Rs. 2.57 crore remained blocked for more than two years.

**(Para 12.2.4 of Report No. 12 of 2006) Commercial**

Instead of achieving the anticipated profit of Rs. 2.40 crore, Bharat Heavy Electricals Limited suffered a loss of Rs. 2.38 crore in the production of motors mainly due to under-estimation of man hours required for completion of work.

**(Para 12.2.5 of Report No. 12 of 2006) Commercial**

Despite instructions of Corporate Office of Bharat Heavy Electricals Limited for payment of differential customs duty, the unit delayed its payment, which resulted in levy of interest by the Customs and consequent avoidable expenditure of Rs. 1.75 crore.

**(Para 12.2.6 of Report No. 12 of 2006) Commercial**

Due to failure to estimate the workable cost and adhere to the completion schedule Bharat HeavyElectricals Limited incurred a loss of Rs. 96.86 lakh in the execution of a contract.

**(Para 12.2.7 of Report No. 12 of 2006) Commercial**

Bharat Heavy Electricals Limited undertook renovation and modernization of a thermal station without undertaking any detailed study before agreeing on the scope of work and guaranteed performance of the same, which resulted in an additional expenditure of Rs. 64.07 lakh and liquidated damages of Rs. 31.39 lakh.

**(Para 12.2.8 of Report No. 12 of 2006) Commercial**

Even after rejection of various claims by the Director General of Foreign Trade in the year 1998, Bharat Heavy Electricals Limited took four years and nine months to write off the same from the accounts and suffered a loss of interest of Rs. 47.05 lakh.

**(Para 12.2.9 of Report No. 12 of 2006) Commercial**

• **Bridge and Roof Company (India) Limited**

Bridge and Roof Company (India) Limited accepted a job without a realistic assessment of the work involved and failed to execute it in time, resulting in time and cost overruns leading to a loss of Rs. 2.04 crore.

**(Para 12.3.1 of Report No. 12 of 2006) Commercial**

• **National Instruments Limited**

Improper formulation and implementation of a rehabilitation scheme resulted in failure of the scheme with consequent wasteful investment of Rs. 2.41 crore by National Instruments Limited.

**(Para 12.4.1 of Report No. 12 of 2006) Commercial**

• **Praga Tools Limited**

Praga Tools Limited did not consider the market value while selling the land to another Company which resulted in a loss of Rs. 52.11 lakh.

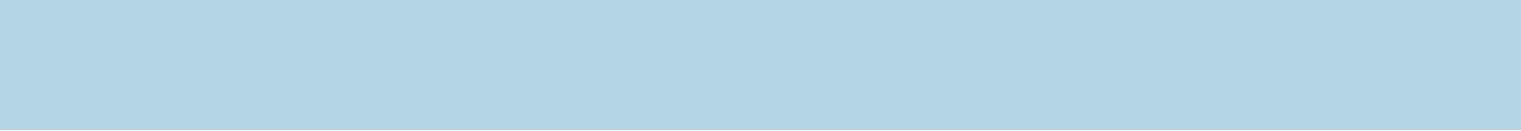
**(Para 12.5.1 of Report No. 12 of 2006) Commercial**

- Observations as received from the Ministry of Finance vide their O.M. No. 1(76)/E-Coord/2006 dated 26th December,2006 .

## Abbreviations

AAIFR	Appellate Authority of Industrial & Financial Reconstruction
ARAI	Automotive Research Association of India
AY & CO	Andrew Yule & Co.
BBJ	Braithwaite, Burn & Jessop Construction Co. Ltd.
BBUNL	Bharat Bhari Udyog Nigam Ltd.
BHEL	Bharat Heavy Electricals Ltd.
BHPV	Bharat Heavy Plate & Vessels Ltd.
BIFR	Board of Industrial & Finance Reconstruction
BLC	Bharat Leather Corporation Ltd.
BOGL	Bharat Ophthalmic Glass Ltd.
BPCL	Bharat Pumps & Compressors Ltd.
BPME	Bharat Process & Mechanical Engineers Ltd.
BRAITHWAITE	Braithwaite & Co. Ltd.
BSCL	Burn Standard Company Ltd.
BWEL	Bharat Wagon & Engineering Co. Ltd.
BYNL	Bharat Yantra Nigam Ltd.
BRPSE	Board for Reconstruction of Public Sector Enterprises
C-DOT	Centre for Development of Telematics
CCI	Cement Corporation of India Ltd.
CCIL	Cycle Corporation of India Ltd.
CEA	Central Electricity Authority
CNC	Computer Numerically Controlled
DOE	Department of Electronics
EEC	European Economic Community
EOT	Electrically Operated Trolley
EPI	Engineering Projects (India) Ltd.
FBP	Fluidised Bed Combustion
FCRI	Fluid Control Research Institute
FFP	Foundry Forge Plant
HCL	Hindustan Cables Ltd.
HMBP	Heavy Machine Building Plant
HMT(I)	HMT (International) Ltd.
HMTF	Heavy Machine Tools Plant

HMT (W)	HMT Watches Ltd.
HMT (CW)	HMT Chinar Watches Ltd.
HMT (MT)	HMT Machine Tools Ltd.
HMT (B)	HMT (Bearings) Ltd.
HNL	Hindustan Newsprint Ltd.
HPC	Hindustan Paper Corporation Ltd.
HPF	Hindustan Photo Films Manufacturing Co. Ltd.
HSL	Hindustan Salts Ltd.
HVDC	High Voltage Direct Current
ILK	Instrumentation Ltd., Kota
ISRO	Indian Space Research Organisation
JESSOP	Jessop & Co. Ltd.
kV	Kilo Volt
kW	Kilo Watt
LAGANJUTE	Lagan Jute Machinery Co. Ltd.
MAMC	Mining & Allied Machinery Corporation Ltd.
MAX	Main Automatic Exchange
MoU	Memorandum of Understanding
MT	Metric Tonne
MUL	Maruti Udyog Ltd.
MVA	Mega Volt Amperes
MW	Mega Watt
NBCIL	National Bicycle Corporation of India Ltd.
NC	Numerically Controlled
NEPA	NEPA Ltd
NATRiP	National Automotive Testing and R&D Infrastructure Project
NATIS	NATRiP Implementation Society
NCMP	National Common Minimum Programme
NIDC	National Industrial Development Corporation Ltd.
PSE	Public Sector Enterprise
PTL	Praga Tools Ltd.
R&C	Richardson & Cruddas (1972) Ltd.
RDSO	Research Design & Standard Organisation
RIC	Rehabilitation Industries Corporation Ltd.



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RSW	Radiation Shielding Window
SIAT	Symposium on International Automotive Technology
SIL	Scooters India Ltd.
SSL	Sambhar Salts Ltd.
TAFCO	Tannery & Footwear Corporation of India Ltd.
TCIL	Tyre Corporation of India Ltd.
TSL	Triveni Structurals Ltd.
TSP	Tungabhadra Steel Products Ltd.
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisations
VRS	Voluntary Retirement Scheme
WIL	Weighbird (India) Ltd.

# Department of Public Enterprises

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राष्ट्रीय सरकारी उद्यमों के मुख्य कार्यपालकों का सम्मेलन एवं  
ज्ञापन तथा स्कोप उत्कृष्टता पुरस्कार वितरण समारोह  
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# Chapter 1

## Public Enterprises Survey

- 1.1 The Department of Public Enterprises (DPE) presents to Parliament every year 'an overview' of the financial and physical performance of Central Public Sector Enterprises (CPSEs) in the country.
- 1.2 The Estimates Committee, in their 73rd Report (1959-60), had recommended to the Government that in addition to the individual annual report of each enterprise laid on the Table of both the Houses of Parliament, a separate comprehensive report should be submitted to the Parliament indicating Government's total appraisal of the working of public enterprises. Accordingly, the first "Annual Report" (Public Enterprises Survey) was prepared by the erstwhile Bureau of Public Enterprises (now DPE) in 1960-61, giving a consolidated picture of the performance of the Central Public Sector Enterprises.
- 1.3 The Public Enterprises Survey covers the CPSEs established by the Government of India either as Government Companies under the Companies Act or as Statutory Corporations under specific statutes of Parliament. The Survey, moreover, covers only those Government Companies in which Central Government's share in paid up capital is more than fifty per cent including the subsidiaries of such companies. This does not, however, include public sector commercial banks.
- 1.4 The Committee on Public Undertakings (COPU) in their recommendations made in the 46th Report (5th Lok Sabha) had covered various aspects, such as scope, coverage, classification of undertakings, contents of the report, time for presentation and other matters relating to the Public Enterprises Survey. These recommendations of the COPU are also taken into account while preparing the Public Enterprises Survey.
- 1.5 The basic data for the Survey is compiled from the Annual Reports and Balance Sheets provided by CPSEs to this department. The data is compiled, analysed and presented in three separate volumes.
  - 1.5.1 Volume-1 contains a macro appraisal and analysis of the performance of CPSEs in terms of broad physical and financial parameters. Various chapters in this Volume reflect the key activities and progress made in the specific areas by the public enterprises. It also covers issues like internal resources generation, contribution to the Central exchequer, management development, employment generation, employees welfare measures and foreign exchange earnings.
  - 1.5.2 Volume-2 contains an analysis of the performance of the CPSEs in different sectoral cognate groups and of individual enterprises. It also contains a brief description of the areas of activities as well as the physical and financial performance of individual enterprises.
  - 1.5.3 Volume-3 contains enterprise-wise analytical data for the last three years. The information consists of summarized balance sheet, profit and loss account and important management ratios.
- 1.6 The Public Enterprises Survey (2005-06), which is the 46th Report on the performance of CPSEs, was laid in the Parliament on 19th December, 2006.

# Chapter 2

## Autonomy of CPSEs

2.1.1 The endeavour of the Government is to make public sector enterprises autonomous board managed companies. Under Articles of Association, the Board of Directors of CPSEs enjoy autonomy in respect of recruitment, promotion and other service conditions of below Board level employees. The Board of Directors of a CPSE exercises delegated powers subject to broad policy guidelines issued by Government from time to time. The Government have granted enhanced powers to the Boards of the profit making enterprises under various schemes like Navratna and Miniratna.

2.1.2 Keeping in view the pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment, the Government have reviewed the powers delegated to the Board of Directors of Navratna, Miniratna and other profit making CPSEs and have decided in August 2005 to enhance the powers in the manner stated in the following paragraphs.

### 2.2 Navratna CPSEs

2.2.1 In July 1997, the Government had identified 9 Public Sector Enterprises that had comparative advantages and potential to emerge as global giants as Navratnas. The Navratna CPSEs are BHEL, BPCL, GAIL, HPCL, IOC, MTNL, NTPC, ONGC and SAIL. List is given at Appendix II-a these CPSEs were given enhanced autonomy and delegation of powers to incur capital expenditure, to enter into technology joint ventures/strategic alliances, to effect organizational restructuring, to create and wind up below Board level posts, to raise capital from domestic and international market, to establish financial joint ventures and wholly owned subsidiaries, etc.

2.2.2 The enhanced powers presently delegated to the Boards of Navratna CPSEs are as under: -

- (a) To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.
- (b) To enter into technology joint ventures or strategic alliances.
- (c) To obtain by purchase or other arrangements, technology and know-how.
- (d) To effect organisational restructuring including establishment of profit centres, opening of offices in India and abroad, creating new activity centres, etc.
- (e) Creation and winding up of all posts including and upto those of non-Board level Directors, i.e., Functional Directors who may have the same pay-scales as that of Board level Directors, but who would not be members of the Board. All appointments upto this level would also be in the powers of the Boards and would include the power to effect internal transfers and re-designation of posts.
- (f) The Board of Directors of these CPSEs have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.
- (g) To raise debt from the domestic capital markets and for borrowings from international market, which would be

- subject to the approval of RBI/Department of Economic Affairs as may be required and should be obtained through the administrative Ministry.
- (h) To establish financial joint ventures and wholly owned subsidiaries in India or abroad with the stipulation that the equity investment of the PSE should be limited to the following: -
    - (i) Rs. 1000 crore in any one project
    - (ii) 15% of the networth of the PSE in one project,
    - (iii) 30% of the networth of the PSE in all joint ventures/ subsidiaries put together.
  - (i) Mergers and acquisitions, subject to the conditions that
    - (i) it should be as per the growth plan and in the core area of functioning of the PSE,
    - (ii) conditions/ limits would be as in the case of establishing joint ventures/ subsidiaries, and
    - (iii) the Cabinet Committee on Economic Affairs would be kept informed in case of investments abroad.
  - (j) To approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, by the Chief Executive of the PSE under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department

2.2.3 The exercise of these powers is subject to various conditions and guidelines laid down for this purpose including restructuring of the Board of Directors by inducting non-official Directors.

2.2.4 Performance of all Navratna Companies was reviewed by the Apex Committee headed by the Cabinet Secretary during the year 2006.

### 2.3 Miniratna CPSEs

2.3.1 In October 1997, the Government had also

decided to grant enhanced autonomy and delegation of financial powers to some other profit making companies subject to certain eligibility conditions and guidelines to make them efficient and competitive. These companies, called Miniratnas, are in two categories, namely, Category- I and Category-II.

2.3.2 The criteria for conferring the Miniratna status are:

- (i) PSE should be profit making for the last 3 years continuously and should have positive net worth.
- (ii) It should not have defaulted in repayment of loans/interest payment on loans due to government.
- (iii) It should not depend upon budgetary support or government guarantee (Wherever Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the Navratna status.) and ;
- (iv) restructuring of the Board of Directors by inducting non-official Directors.

CPSEs which have made pre-tax profit of Rs.30 crore or more in at least one of the 3 years are given Category I status while others are given Category II status. The administrative Ministries are empowered to declare a PSE as a Miniratna if it fulfils the eligibility conditions.

2.3.3. The enhanced powers presently delegated to the Boards of Miniratna CPSEs are as under: -

- (i) Capital Expenditure
  - (a) For CPSEs in category I: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval upto Rs. 500 crore or equal to net worth, whichever is less.
  - (b) For CPSEs in category II: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval upto Rs. 250 crore or equal to 50% of the Net worth, whichever is less.

- (ii) Joint ventures and subsidiaries:
  - (a) Category I CPSEs: To establish joint ventures and subsidiaries in India with the stipulation that the equity investment of the PSE in any one project should be limited to 15% of the networth of the PSE or Rs. 500 crore, whichever is less. The overall ceiling on such investment in all projects put together is 30% of the networth of the PSE.
  - (b) Category II CPSEs: To establish joint ventures and subsidiaries in India with the stipulation that the equity investment of the PSE in any one project should be 15% of the networth of the PSE or Rs. 250 crore, whichever is less. The overall ceiling on such investment in all projects put together is 30% of the networth of the PSE.
- (iii) Mergers and acquisitions The Board of Directors of these CPSEs have the powers for mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the PSE, (ii) conditions/limits would be as in the case of establishing joint ventures/ subsidiaries, and (iii) the Cabinet Committee on Economic Affairs would be kept informed in case of investments abroad.
- (iv) Scheme for HRD
 

To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc. The Board of Directors of these CPSEs have the power to further delegate the powers relating to Human Resource Management (appointments, transfer, posting, etc.) of below Board level executives to sub-committees of the Board or to executives of the PSE, as may be decided by the Board of the PSE.
- (v) Tour abroad of functional Directors
 

The Chief Executive of the PSE have the

power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

- (vi) Technology Joint Ventures and Strategic Alliances
 

To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements, subject to Government guidelines as may be issued from time to time.

2.3.4 Presently there are 50 Miniratna CPSEs (36 Category I and 14 Category II). The names of Miniratna CPSEs are given in the Appendix II-b. Exercise of enhanced powers by these CPSEs is subject to the condition that adequate number of non-official Directors are inducted on their Boards. Performance of Miniratna CPSEs was reviewed by the Inter Ministerial Committee headed by the Secretary, Department of Public Enterprises during 2003-04.

## 2.4 Other Profit Making CPSEs

2.4.1 Those CPSEs which have shown a profit in each of the 3 preceding accounting years and have a positive net worth are categorized as 'other profit making CPSEs' and have been delegated enhanced powers as under:-

- (i) The power to incur capital expenditure without Government approval stands revised to Rs.150 crore or equal to 50% of the Net worth, whichever is less.
- (ii) The Chief Executive of the PSE shall have the power to approve business tours abroad of functional directors up to 5 days' duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary of the administrative Ministry. In all other cases including those of Chief

Executive, tours abroad would continue to require the prior approval of the Minister of the Administrative Ministry/ Department.

## 2.5 Professionalization of Boards of Directors

2.5.1 In pursuance of industrial policy statement announced on 24th July 1991, several measures were taken to professionalise the boards of management of public sector enterprises. As per the guidelines issued by DPE in March 1992, the number of non-official part-time Directors should be at least 1/3rd of the actual strength of the Board. The guidelines also envisage that the number of Government Directors on the Boards should be not more than one-sixth of the actual strength of the Board and in any case should not exceed two. Apart from this there should be some functional Directors on each Board whose number could be upto 50% of the actual strength of the Board. In the cases of listed companies headed by executive Chairman at least half of the Board should comprise Independent Directors.

2.5.2 Appointment of non-official part-time Directors on the Boards of CPSEs is made by the administrative Ministries/Departments from the panel prepared in consultation with the Department of Public Enterprises. In so far as Navratna and Miniratna CPSEs are concerned the panel of non-official part-time Directors is prepared by the Search Committee consisting of Chairman (PESB), Secretary (DPE), Secretary of the administrative Ministry/Department concerned and 4 non-official Members. According to the Navratna and Miniratna schemes, the Boards of these companies should have a minimum of 4 non-official Directors in the case of Navratnas and 3 non-official Directors in the case of Miniratnas before the Board exercise the enhanced powers.

2.5.3 The Government has laid down criteria for selection and appointment of part-time non-official Directors on the Boards of CPSEs. Accordingly, the part-time non-official Director should have a minimum qualification of a

graduate degree from a recognized university; he should have not less than 10 years experience at the level of Joint Secretary and above in the Government; CMD/MD in Corporate Sector/PSE; Professor level in an Academic Institution/ professionals of repute like eminent Chartered Accountants/Cost Accountants at the level of Directors of Institutes/Heads of Department; persons of eminence with proven track record from Industry, Business or Agriculture; and should be between 45-65 years of age. The upper age could, however, be relaxed upto 70 years for eminent professionals for reasons to be recorded.

2.5.4 During the year 2006-07 (up to 31.10.2006), Search Committee/ PESB had recommended the names of 93 persons for appointment as non-official part-time Directors on the Boards of 31 CPSEs.

# Chapter 3

## MoU System in CPSEs

### 3.1 The Concept of MoU

3.1.1 The Memorandum of Understanding is a negotiated document between the Government, acting as the owner of Central Public Sector Enterprise (CPSE) and a specific CPSE. It should contain the intentions, obligations and mutual responsibilities of the Government and the CPSE.

3.1.2 Further, MoU makes an attempt to move the management of CPSEs from management by controls and procedures to management by results and objectives.

### 3.2 Institutional Arrangements For Implementing MoU Policy

3.2.1 The present institutional arrangement envisages to put in place an objective and transparent mechanism to evaluate the performance of the managements of the CPSEs. It provides a system through which the commitments of both the parties to the MoU can be evaluated at the end of the year besides improving the technical inputs required to finalise the MoUs. The details of this institutional arrangement and their inter-linkages are given in the following paragraphs.

### 3.3 High Power Committee (HPC)

3.3.1 At the apex of this institutional arrangement is the High Power Committee (HPC) consisting of following members.

1. Cabinet Secretary, Chairman
2. Finance Secretary, Member
3. Secretary (Expenditure), Member
4. Secretary (Planning Commission), Member
5. Secretary (Statistics & Programme

Implementation), Member

6. Chairman (Public Enterprises Selection Board), Member
7. Chairman, Tariff Commission, Member
8. Chief Economic Adviser, Member
9. Secretary (Public Enterprises), Member-Secretary

3.3.2 The functions of this committee are to review the draft MOUs before the final draft is signed and to make an end-of-the-year evaluation to judge how far the commitments made by both parties of the MOU have been met. Now, the power to approve the final MOUs has been delegated to TF/DPE and only those cases where TF is not able to take a decision are referred to HPC.

3.3.3 The concern regarding the imbalance in the technical expertise available with the Government has been sought to be rectified by forming the Task Force.

### 3.4 Task Force

3.4.1 The main objective behind the creation of a Task Force was to take care of the concern regarding the imbalance in technical expertise available between the Government and CPSEs. The main functions of the Task Force are to:-

- (a) Examine the design of MoU at the beginning of the year. For this purpose, the draft MoU agreed upon by the CPSE and the relevant Administrative Ministry is examined by the Task Force. If Task Force has any comments or questions

regarding the draft MoUs, they seek clarifications via MoU Division. Once the signatories to MoUs have responded to the concerns expressed by the Task Force on their draft MoUs, the MoU negotiation meetings are organized. These meetings are attended by the executives of CPSEs, senior officials of the concerned Administrative Ministry and the representatives from the nodal agencies such as Planning Commission, Ministry of Statistics & Programme Implementation, Ministry of Finance, etc. The draft MoUs are discussed and finalized during these meetings.

- (b) Evaluate the composite score for each enterprise at the end of the year.

The Task Force consists of retired civil servants, executives of public sector, management professionals and independent members with considerable experience. It was decided by the High Power Committee that no one belonging to the Government should be a member of this Task Force. This was considered essential to maintain objectivity and credibility of the Task Force.

### 3.5 MoU Division

3.5.1 The HPC and Task Force are assisted by the MoU Division in the Department of Public Enterprises. It also acts as the permanent secretariat to the HPC and Task Force. The main functions of this Division are to :

- provide logistic, technical and administrative support to the Task Force;
- act as buffer between the Task Force members and the two signatories to the MoUs - CPSEs and Administrative Ministries;
- develop information and data base on

MoU signing CPSEs.

- assist the High Power Committee;
- monitor the progress of MoUs;
- advise and counsel to the MoU signatories on methodological and conceptual aspects of the MoU policy; and
- coordinate research and training on various aspects of MoU policy.

### 3.6 Working of MoU System

3.6.1 The process of signing of MoU is initiated with the issue of guidelines by the MoU Division for drafting of MoUs. These guidelines indicate the broad structure and the aspects to be covered in the draft MoU including the weights to be assigned to the financial parameters. These guidelines reflect the main concerns of the Government and contain the general direction to the CPSEs.

3.6.2 On the basis of Guidelines, the draft MoUs are prepared by CPSEs and submitted to DPE after due discussions in Board and with the concerned Administrative Ministry/Department in the month of December. The draft MoUs received in DPE are examined in detail in consultation with Task Force. During the process of examination of draft MoUs all relevant information/sources of information are utilized to ensure that the targets proposed in the draft documents are realistic. Wherever possible, inter-firm comparison is carried out and the proposed targets are viewed in the context of the past performance of the CPSE.

### 3.7 MoU Negotiation Meetings

3.7.1 Under the present system, efforts are made to ensure that all the MoUs are signed well before the beginning of the financial year. In view of this, the draft MoUs submitted by the CPSEs are discussed in the MoU negotiation meetings. Besides Task Force members, these meetings are

attended by senior officials of the Administrative Ministries, top executives of CPSEs and the representatives from the nodal agencies of the Government of India such as Planning Commission, Ministry of Finance and Deptt. of Programme Implementation. As mentioned earlier, all possible inputs provided by the professionals, Ministries and the DPE are utilized to finalise the targets. In addition to this, the general aspects of existing economic situation relating to the performance of the CPSE are also discussed in detail before finalizing the targets.

The parameters to measure the performance of the managements of the CPSEs are selected after a great deal of thought and the weights are assigned to these performance parameters keeping in view their importance and the nature of operation of the CPSE. The targets proposed by the CPSEs are discussed freely and are finalized broadly on consensus basis. In fact, the MoU negotiation meeting also provide a forum to discuss certain good practices adopted in other CPSEs and in a way these innovative ideas are disseminated through this process. The MoUs finalised during these meetings are signed by the Chief Executive of the CPSE and the Secretary of the concerned Ministry before 31st of March .

### 3.8 Evaluation of Performance of MoU Signing CPSEs

3.8.1 Performance of MoU signing CPSEs is evaluated with reference to their MoU targets twice in a year. First the performance is evaluated on the basis of provisional results and secondly on the basis of audited data. The performance evaluation exercise is also carried out in an extensive manner. As mentioned earlier, this performance evaluation exercise is not carried out purely through a mechanical procedure. The MOU evaluation is finalised on the basis of the actual performance and the CPSEs are graded

as "EXCELLENT", "VERY GOOD", "GOOD", "FAIR" & "POOR".

### 3.9 Coverage Of CPSEs Under The MoU System

3.9.1 The MoU system has grown over time from 4 MoUs signed in the year 1987-88 to 113 MoUs for the year 2006-2007. Many of these 113 CPSEs\* are the holding companies and if their subsidiaries are also included, then the total No. of CPSEs covered under MoU system works out to be as 158. The number of MoUs signed since the inception of the MoU system are as follows:

Year	No. of MOUs signed/finalised	Year	No. of MOUs signed/finalized
1987-88	4	1997-98	108
1988-89	11	1998-99	108
1989-90	18	1999-2000	108
1990-91	23	2000-2001	107
1991-92	72	2001-2002	104
1992-93	98	2002-2003	100
1993-94	101	2003-2004	96
1994-95	100	2004-2005	99
1995-96	104	2005-2006	102
1996-97	110	2006-2007	113

\* List of CPSEs Appendix -III.

### 3.10 Achievements of The MoU System

3.10.1 Viewed in the light of the objectives, the effectiveness of the MoU system can be summarised as follows:

- The focus has shifted to achievements of results.
- Operational autonomy has increased over the years.
- The quarterly performance review (QPR) meetings of the Administrative Ministries have become more focused since the introduction of MoUs.

### 3.11 Performance Of The MoU Signing CPSEs

3.11.1 The summary performance of MoU signing CPSEs as reflected in their MoU rating during the last five years has been follows.

Table - 2

Rating	Number of Central Public Sector Enterprises				
	2001-02	2002-03	2003-04	2004-05	2005-06 (Prov.)
Excellent	41	46	54	45	44
Very Good	25	21	21	31	36
Good	15	12	10	12	14
Fair	12	16	11	10	08
Poor	03	02	00	01	00
Excluded	08	03	00	00	00
<b>Total</b>	<b>104</b>	<b>100</b>	<b>96</b>	<b>99</b>	<b>102</b>

@ List of these CPSE is given in Appendix -IV.

### 3.12 MoU guidelines for 2007-08

The decisions taken by the High Power Committee (HPC) during its meeting held on 1st December, 2006 under the Chairmanship of Cabinet Secretary, improves the MoU guidelines in respect of the following :-

- All CPSEs would sign MoU with the Ministries/Departments concerned by 31st March every year including sick and loss making CPSEs. In case CPSEs do not sign or delay in signing, their performance should be rated as "Poor" and the same should also be reflected in the ACR of Chief Executives of CPSEs.
- Different parameters should be worked out for sick CPSEs, whose revival packages have been approved by the competent authority. The new parameters for sick CPSEs signing the MoU will be effective from the year 2007-08.
- Subsidiaries of a Holding Company should also enter into MoU with the Holding Companies. Their performance targets for



Hon'ble Prime Minister addressing the Chief Executives of CPSEs at Balayogi Auditorium, Parliament Library

the subsidiaries should be reflected in the performance target of the Holding Company. This will also be effective from 2007-08.

- The High Power Committee noted that some of the Ministries did not appear to be serious about the agenda of MoU. The Ministries are required to have their agenda well defined and their commitments reflected in the MoU. All Ministries concerned should also follow quarterly structured MoU based review as per this Department guidelines.

# Chapter 4

## Human Resources Development

4.1 Central Public Sector Enterprises (CPSEs) have a vast reservoir of professionally qualified manpower in different disciplines and the efficient operations of these enterprises, to a large extent, depends on the effective utilization of this manpower. There have been widespread changes in the management techniques, technologies, financial methods, production management, etc. due to globalisation and liberalization. Human Resource Development is thus a thrust area of public sector performance. It necessitates creating an environment in which people can develop their full potential for productive and creative activities. To improve the quality and capabilities of the manpower as well as to upgrade their knowledge and skill, various steps have been taken by the CPSEs. Apart from organizing in-house training programmes, the CPSEs also depute their executives for various training programmes being organized by premier Management/Training Institutes in India and abroad.

### 4.2 Training

4.2.1 As the nodal Department for PSEs, the Department of Public Enterprises is supplementing the efforts of the public enterprises towards human resource development by organizing Executive Development Programmes (EDPs) for senior and middle level executives in collaboration with premier Management/ Training Institutes in the country.

4.2.2 The EDPs are conducted for duration of 2-5 days. During 2005-06, 37 EDPs were conducted and for the year 2006-07, 25 such programmes are planned. About 600-800 executives are covered every year under this programme. These programmes are organized in collaboration with

Indian Institutes of Management; Institute of Public Enterprise, Hyderabad; National Institute of Financial Management, Faridabad; Indian Institute of Public Administration, Delhi; Institute of Chartered Accountants of India; International Management Institute, Delhi; Institute of Cost and Works Accountants of India; Institute of Company Secretaries of India; Management Development Institute, Gurgaon; National Productivity Council, New Delhi; CMC Limited, Indian Society of Health Administration, Bangalore etc. The subjects covered under these programmes include financial management, leadership challenge, effective marketing management, total quality management, information technology & e-commerce, management information systems, communication skills, corporate governance, MOU principles & practices, project management, capital market reform & risk management, negotiation strategies & skills, health and stress management, industrial relations & labour issues, international taxation/ international finance, etc.

4.2.3 India is a founder member of International Centre for Promotion of Enterprises (ICPE), Ljubljana, Slovenia. India makes an annual contribution of US\$ 75000 to ICPE from the DPE budget. ICPE is conducting short and long duration course for the Executives of CPSEs. During the current year, five Executives of CPSEs have been recommended for one year MBA programme.

4.2.4 Secretary, DPE is a member on the Board of Governors of Institute of Public Enterprise, Hyderabad. Secretary, DPE is also a member of the Executive Board of the Standing Conference of Public Enterprises (SCOPE).

### 4.3 Personnel Policy

4.3.1 Various personnel Policy matters relating to CPSEs are dealt by DPE. Some of the important policy initiatives taken during the year are given below:

### 4.4 Procedure for Selection to Board level posts in CPSEs.

4.4.1 The Public Enterprises Selection Board (PESB) had been recommending two names in order of merit for board level posts in Public Sector Enterprises that fall within the selection purview of PESB. The second name was recommended in order to obviate the necessity of going through the selection process all over again in case the person at serial number one was not available owing to lack of vigilance clearance or any other reason. However, it was later decided that PESB would recommend only one name for each vacant post. The matter was further reviewed and it has been decided that PESB may recommend a panel of two names as before in 'order of preference'. Normally, the Ministry would be expected to select the first name. In rare cases where the Ministry selects the second name, the Ministry will record due reasons for doing so. The matter will then be referred to ACC for a final decision.

### 4.5 Appointment of Nominee Directors on the Boards of Disinvested erstwhile Central Public Sector Enterprises

4.5.1 In the past, the Government disinvested its shareholding in selected CPSEs. A uniform procedure for appointing nominee Directors (non-official and Government) on the Boards of such disinvested erstwhile CPSEs has been laid down on 31.10.2006.

4.5.2 Normally, Government would not be required to appoint non-official Directors on the Boards of disinvested companies. In rare cases, when appointments of non-official Directors in such disinvested Public Sector Undertakings have to be made, a panel will be proposed by the concerned administrative Ministry/Department and routed through the Department of Public Enterprises for the approval of the ACC.

4.5.3 In the case of appointment of Government Directors, where two Government Directors are required on the Board of the company, the concerned Additional Secretary/Joint Secretary/Director, dealing with the disinvested company, and also the Financial Adviser of the concerned Department, would be nominated.

### 4.6 Employment for Reserved Categories in Central Public Sector Enterprises

4.6.1 Department of Personnel & Training formulates Government Policy on reservation in employment. Department of Public Enterprises being the nodal Department in respect of Policy Issues relating to CPSEs, extends the reservation policy, to CPSEs for compliance, through their administrative Ministries/Departments. A Presidential Directive incorporating all the important instructions in this regard was issued in February, 1982 to the concerned administrative Ministries/ Departments by the Department of Public Enterprises for formal issuance to the Public Enterprises. Since then, the Department of Personnel & Training has issued many instructions/directives relating to the reservation Policy of the Government. The Department of Public Enterprises have consolidated these instructions and a revised comprehensive directive was issued to all Administrative Ministries/ Departments in April, 1991 for formal issuance to PSEs. Instructions issued subsequently on reservation matters have also been extended to Public Sector Enterprises.

4.6.2 The present quota of reservation for employees belonging to Scheduled Castes, Schedule Tribes and OBCs where recruitment is on All-India basis through open competition as well as other categories of employees entitled to reservation is indicated below:-

	Group 'A' & 'B'	Group 'C'	Group 'D'
Scheduled Castes	15%	15%	15%
Scheduled Tribes	7.5%	7.5%	7.5%
Other Backward Classes	27%	27%	27%
Physically Handicapped Persons	3%	3%	3%
Ex-servicemen & Dependents of those killed in action	-	14.5%	24.5%

4.6.3 Administrative Ministries/Departments concerned have been made responsible for implementation of reservation policy, the Department of Public Enterprises monitor progress made by PSEs in the implementation of the reservation scheme in the recruitment by calling for Annual Reports from the Public enterprises and also by taking follow-up action after scrutinizing these reports.

4.6.4 The need to ensure timely filling up of reserved posts has been stressed in various instructions from time to time. All administrative Ministries/ Departments have been requested to advise the PSEs under their administrative control to take effective steps to fill up the unfilled reserved posts and backlog vacancies in Direct Recruitment as well as in promotion in accordance with the existing instructions.

4.6.5 Based on the information furnished by the PSEs the position regarding representation of Scheduled Castes and Scheduled Tribes in respect of 201 Public Sector Enterprises as on 1.1.2006 is given below:-

Group	Representation of SC/STs			STs No.	%age
	Total No. of Employees	SCs No.	%age		
Group 'A'	164267	20864	12.70	5874	3.57
Group 'B'	162167	21695	13.37	10121	6.24
Group 'C'	677143	131933	19.48	64125	9.46
Group 'D' (excluding Safai Karamcharis)	237096	53087	22.39	29878	12.60
Total	1240673	227579	18.34	109998	8.86
Group 'D' (Safai Karamcharis)					
	13398	10610	79.19	232	1.73
Grand Total	1254071	238189	18.99	110230	8.78

Note :- Group 'A' : Executive level, Group 'B' : Supervisory level, Group 'C' : Workmen/Clerical level, Group 'D' : Semi-skilled/Unskilled labour

As on 1.1.2006 (Based on information furnished by 201 Enterprises)

Note : This is applicable to all columns

#### 4.7 Reservation For Other Backward Classes (OBCs)

4.7.1 Based on the recommendations of the Second Backward Classes Commission (Mandal

Commission) and in accordance with the Supreme Court Judgement in the Indira Sawhney Case, instructions were issued providing reservation of 27% of vacancies in favour of Other Backward Classes (OBCs) in Civil Posts and Services under the Government of India.

4.7.2 Department of Personnel & Training (DOPT) who formulate the policy in respect of reservation in services, have been issuing instructions from time to time on various aspects of reservation in respect of OBCs. Reservation for OBCs was made effective w.e.f. 8.9.1993. Department of Public Enterprises (DPE) have been extending these instructions to the Public Sector Enterprises through their administrative Ministries for compliance. A comprehensive Presidential Directive incorporating all instructions was prepared by the Department of Public Enterprises and issued to all administrative Ministries vide DPE's OM dated 27th July, 1995 for formal issuance to the PSEs under their control, under the relevant Articles of Association/Section of the relevant Act. As reported by 201 CPSEs, out of 1254071 employees 182008 belong to OBCs as on 1.1.2006.

#### 4.8 Reservation for Persons with Disabilities

4.8.1 This Department has also issued instructions to ensure reservation for the Persons with Disabilities up to 3% of the vacancies occurring in a particular year (1% for Visually Handicapped, 1% for Hearing Handicapped and 1% for Orthopaedically Handicapped). A Presidential Directive in respect of reservation for physically handicapped persons, incorporating all important instructions in this regard was issued in April, 1991 to the concerned administrative Ministries/ Departments by the Department of Public Enterprises for formal issuance to the Public Enterprises. With the enactment of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, the reservation to Physically Handicapped Persons stood extended to identified Group 'A' and 'B' posts filled through Direct Recruitment. All PSEs have been advised to comply with the provisions of the Act and evolve a time frame by which the backlog of vacancies can be cleared.

# Chapter 5

## Support Services to CPSEs

### 5.1 Purchase Preference Policy

5.1.1 The Purchase Preference Policy was introduced in 1992 replacing the earlier policy of price preference. The objective of the policy is to provide level playing field to the Central Public Sector Enterprises (CPSEs) in the wake of globalization/liberalization and to provide an opportunity to adjust themselves in the new environment of competition and effectiveness. The policy aims to utilize the created capacities in the public sector to the fullest extent so as to improve the performance of CPSEs at sustainable level on long term basis.

5.1.2 The Purchase Preference Policy has been reviewed and extended from time to time. In pursuance of the decision of the Government on 30.6.2005, the Policy that was in force till 31.3.2005 has been extended for a further period of three years with certain modifications and a sunset clause that it will be terminated with effect from 31.3.2008.

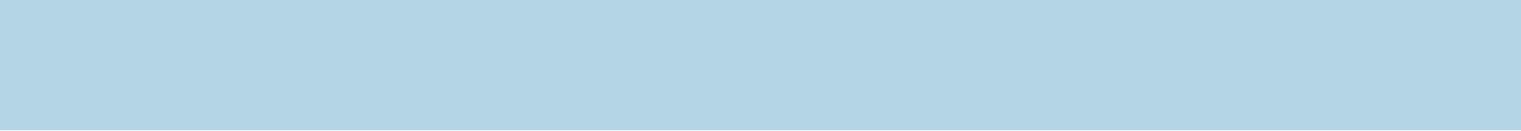
5.1.3 This policy provides purchase preference to CPSEs for supplying goods and services to the Government Departments, Autonomous bodies and other PSEs at L1 price if the price quoted by the supplying CPSE is within 10% of the lowest valid bid price, other things being equal. Purchase preference support will be extended to the contracts including civil and turnkey contracts of Rs.5 crore and above but not exceeding Rs.100 crore. The provisions relating to purchase preference should be specified in the "Notice Inviting Tender" (NIT) for Rs.5 crore and above but not exceeding Rs.100 crore. The policy is applicable to the CPSEs and their subsidiaries where the CPSE owns 51% or more

shareholding but not to a joint venture owned by a CPSE and a private partner. However, the concerned Ministries/Departments have to prepare a list of CPSEs, which may or may not require purchase preference support. For availing of the benefit of purchase preference policy, a minimum value addition of 20% by the CPSE/subsidiary companies (by way of manufacturing and/or services) is a prerequisite.

5.1.4 If the CPSE does not meet the minimum qualification, it is subject to disqualification. However, in suitable cases the purchasers/clients may relax the condition of 'net worth' from the list of minimum qualification. In case the CPSEs which avail of the benefit of purchase preference fail to perform, it is subject to payment of liquidated damages or any other penalty included in the contract. Respective Ministries/Departments are responsible for implementing the Purchase Preference Policy. For any deviation including exclusion of the purchase preference clause from the NIT, it will be for the concerned Ministries/Departments/CPSEs/Autonomous bodies to obtain the prior exemption from the Cabinet in consultation with the Department of Public Enterprises.

### 5.2 Permanent Machinery of Arbitration

5.2.1 Permanent Machinery of Arbitration (PMA) has been set up in Department of Public Enterprises for resolving commercial disputes, except taxation, between PSEs inter-se as well as between a PSE and a Central Government Department/Ministry. From 1993-94, disputes with Port Trusts have also been included under the purview of PMA for arbitration. The Ministry



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of Railways were excluded from the purview of PMA vide DPE's OM dated 12.2.97. The disputes are required to be referred to Department of Public Enterprises for its reference to the Arbitrator of PMA. Secretary, Department of Public Enterprises, on being satisfied with prima facie existence of dispute, refers the dispute to the Arbitrator of the PMA for Arbitration. The Arbitration Act, 1940 (now 1996) is not applicable in these cases. No outside lawyer is allowed to appear on behalf of either party for presenting/defending the cases.

5.2.2 The PMA guidelines were revised and issued on 22.1.04. There is one Arbitrator in the PMA and ever since the PMA was created in 1989, the Secretary (PE) has referred 207 cases to the Arbitrators of PMA, out of which Awards in 118 cases have been published so far. The PMA is designed to be self-supporting, hence the PMA charges an Arbitration fee which is worked out by the Arbitrator, based on the formula given in the guidelines. As per OM dated 22.1.2004, the Arbitrator shall make his award within six months after entering upon the reference or after having been called upon to act by notice in writing from any party to the arbitration agreement or within such extended time as the parties may follow.

# Chapter 6

## Wage Policy and Manpower Rationalisation

### 6.1 Wage Policy

6.1.1 The Department of Public Enterprises inter alia functions as a nodal agency for evolution of policy relating to wage settlements of unionized employees/ pay revision of non-unionized supervisors and executives holding posts below the Board level as well as at the Board level. The Department renders advice to the administrative Ministries/ Departments and the CPSEs in matters relating to the wage policy and revision in the scales of pay of the executives. The CPSEs are largely following Industrial Dearness Allowance (IDA) pattern scales of pay and in some cases Central Dearness Allowance (CDA) pattern scales of pay.

### 6.2 Industrial Dearness Allowance (IDA) pattern and related Scales of Pay in CPSEs

Government policy relating to pay scales and pay pattern is that all employees of the CPSEs should be on IDA pattern and related scales of pay. Instructions had been issued by the DPE in July, 1981 and July, 1984 to all the administrative Ministries that as and when a new CPSE is created or established, IDA pattern and related scales of pay should be adopted ab-initio. There are 237 CPSEs (excluding Banks, Insurance Companies and Financial Institutions) under the administrative control of the Central Government. They employ approximately 16.93 lakh workers, clerical staff and executives. Out of this, around 87% of the workers and executives are on IDA pattern and related scales of pay. 82.5% among the workforce in the CPSEs are workers.

### 6.3 Pay Revision for Executives/non-unionised supervisors under IDA pattern

6.3.1 The last pay revision for the IDA executives and non-unionized supervisors was done w.e.f 1.1.97 for a period of ten years based on the recommendations of Justice Mohan Committee.

### 6.4 Main features of 1997 Pay Revision

- (i) House Rent Allowance (HRA) to PSE employees is paid as per DPE's guidelines issued from time to time. In respect of leased accommodation, the Boards of PSEs have been given flexibility to provide for adequate level of leased accommodation for the executives. City Compensatory Allowance (CCA) is granted at the rates applicable to the Central Government Employees.
- (ii) Dearness Allowance admissible to PSE employees under IDA pattern of scales are based on 100% neutralization of cost of living as in the case of Central Government employees. The release of IDA, however, is on quarterly basis whereas CDA is released on half yearly basis.
- (iii) The perquisites and allowances are restricted to 50% of basic pay with the objective of putting a limit on perquisites and allowances as a means of compensating employees and providing strong motivation for rewarding improved performance. However, some allowances/perquisites are outside the purview of the ceiling of 50% of basic pay such as DA, HRA, CCA, professional allowance like Non-practising allowance/non-teaching allowance/location allowance/difficult area posting allowance and retiral benefits. All other allowance including Productivity

Linked Incentives (PLI, limited to 5% of the distributable profits of the CPSE as a whole) would be within 50% ceiling. If the limit is not considered sufficient to reward the employees for their work, the CPSEs can go beyond the 50% of basic pay but within 5% of distributable profits of the CPSE as a whole in the form of PLI. The Board may decide on PLI for a period of ten years subject to provisions stated above.

- (iv) The periodicity of pay revision is for 10 years w.e.f 1.1.1997.

#### **6.5 Procedure adopted for revision of pay in IDA pattern of scales w.e.f. 1.1.1997**

- (i) CPSEs which have been consistently making profit are allowed to adopt revised scales of pay in the IDA pattern in accordance with DPE's guidelines.
- (ii) CPSEs which had incurred loss during any of the three financial years preceding to pay revision would also be allowed to revise the scales with the approval of the Government i.e. the administrative Ministry acting in consultation with DPE, provided they give an estimate as to how the resources would be generated by them to meet the extra expenditure.
- (iii) In respect of sick enterprises referred to BIFR, revision of pay scales for all employees following IDA pattern would be strictly in accordance with the rehabilitation packages approved or to be approved by the BIFR and after providing for the additional expenditure on account of pay revision in this package
- (iv) CPSEs under construction or new CPSEs would submit their proposals for adoption of revised scales of pay to their administrative Ministries for approval in consultation with the DPE.

#### **6.6 Second Pay Revision Committee**

6.6.1 The second Pay Revision Committee for the revision of scales of pay of Board level and below Board level executives including non-unionised supervisors of CPSEs following Industrial Dearness Allowance (IDA) pattern scales of pay w.e.f. 1.1.2007 has been constituted on 30.11.2006 vide the Gazette of India notification dated 1.12.2006 (Appendix -V). The Pay Revision Committee is headed by Mr. Justice M.J. Rao, retired Judge, Supreme Court of India as Chairman. Dr. Nitish Sengupta (Economist & former Member Secretary, Planning Commission, Government of India), Shri P.C. Parakh (former Secretary, Department of Coal, Government of India) and Shri R.S.S.L.N. Bhaskarudu (former Managing Director, Maruti Udyog Ltd & ex-chairman, Public Enterprises Selection Board) are Members. Secretary and Joint Secretary, Department of Public Enterprises are ex-officio Member and Secretary of the Committee, respectively. The Committee will submit their report within a period of 18 months. The first meeting of the Committee has been held on 13th December, 2006.

#### **6.7 Wage Revision for Workmen under IDA pattern**

6.7.1 In respect of workmen following IDA pattern scales of pay, the managements of CPSEs have freedom 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 come to 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:

6.7.2 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 14.1.99 OR
- ii. A five year periodicity on the basis of graded neutralization based on basic pay slabs as did exist previously i.e. from 1.1.1992 to 31.12.1996

6.7.3 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 the negotiated wage settlements.

6.7.4 In case of Coal India Limited (CIL) and its subsidiaries in the recent wage revision for a period of five years, 100% DA neutralization was allowed for unionized employees on the basis of a GOM decision irrespective of basic pay on grounds of higher production. Department of Atomic Energy, in pursuance of a COS recommendation also allowed 100% DA neutralization to the workmen of Uranium Corporation of India Limited in a similar manner on grounds of industrial harmony in the recent wage revision of five year periodicity. These are two departures from the DPE guidelines on wage revision, allowed as exceptional cases by the concerned administrative Ministries recently.

## 6.8 Policy on 7th Round of Wage negotiations

6.8.1 The 6th round of wage negotiations for unionized workmen in Central Public Sector Enterprises (CPSEs) which were generally effective from 1.1.97 will expire on 31.12.2006. DPE vide its OM dated 9.11.2006 has issued the guidelines on Policy for the 7th Round of Wage Negotiations for the unionized workmen in CPSEs to be effective from 1.1.2007 (on a general basis). The guidelines are broadly similar to the existing policy on the Sixth Round of Wage Negotiations in CPSEs.

## 6.9 Landmark Judgement of Supreme Court on pay revision

6.9.1 The Supreme Court in Transfer petition No. 8 of 2000 in A.K. Bindal and other vs. Union of India has passed the landmark Judgement on 25.4.2003 in case of pay revision of sick PSEs referred to BIFR. The Supreme Court observed that the employees of the Government Companies are not civil servants and therefore they have no legal right to claim that Government should pay their salary. It has also observed that the economic viability or financial capacity of the employer Company should be taken into consideration in the matter of revision of the pay scales of the employees. The Supreme Court further observed that there is no legal or constitutional infirmity in DPE OM dated 19.7.1995 stipulating that for the sick PSEs registered with the BIFR, pay revision and grant of other benefits will be allowed only if it is decided to revive the unit and the revival package should include the enhanced liability on this account.

## 6.10 Pay revision of employees under CDA Pattern in CPSEs

6.10.1 CDA pattern pay scales are applicable to some of the clerical staff, unionized cadres and executives of the 69 CPSEs who were on the rolls of these companies as on 1.1.1986 and upto 31.12.1988 and were in receipt of CDA pattern pay scales during that time. A High Power Pay Committee (HPPC) was appointed by the Government in pursuance of the Supreme Court directions dated 12.3.1986 which submitted its Report to the Government on 24.11.1988. Its recommendations have been implemented in these CPSEs. In pursuance of the Supreme Court direction dated 3.5.1990 read with the subsequent directions dated 28.8.1991, IDA pattern and related scales of pay have been introduced in these CPSEs with effect from 1.1.1989. Out of 69 CPSEs (covered under HPPC), at present there are only 61 CPSEs, which are following both CDA and IDA pattern scales of pay. 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. Accordingly, the recommendation of 5th Pay Commission w.e.f. 1.1.1996 has also been extended to the employees of CPSEs following CDA pattern of scales. In addition, the employees of CPSEs following CDA pattern have also been allowed the benefit of merger of 50% of DA with basic pay w.e.f 1.4.2004. This benefit has been allowed to the employees of CPSEs that are not loss making and are in a position to absorb the additional expenditure on account of merger of DA with basic pay from their own resources without any budgetary support from the Government.

### 6.11 Voluntary Retirement Scheme (VRS)

6.11.1 In the present deregulated and globally competitive scenario, in view of the ongoing restructuring in the industries including Central PSEs, several measures for reforms and restructuring of CPSEs have been taken up by the Government. Rightsizing of manpower in the CPSEs is one of the measures adopted.

6.11.2 In the process, the Voluntary Retirement Scheme, which was initially announced in October, 1988 for the first time, was revised and a comprehensive package was notified vide O.M dated 5th May, 2000 so as to cater to the need of the CPSEs to meet their objectives and also to protect the interest of the workers affected due to various modes of restructuring.

6.11.3 Considering the difficulties faced by the enterprises where the wage revision effective from 1st January, 1992 or 1997, as the case may be, could not be effected, the Voluntary Retirement Scheme was liberalized by issuance of subsequent notification on 6th November, 2001, which inter alia provides for 100% additional compensation for the employees where wage revision of 1992 could not be effected and similarly, 50% additional

compensation for employees where the wage revision of 1997 could not be made effective. The ex-gratia under VRS to employees following CDA pattern at 1986 scales has also been enhanced by 50% w.e.f 26.10.2004. These increases in VR compensation are to be computed based on the existing pay of the employees.

6.11.4 From the introduction of the Voluntary Retirement Scheme initially in October 1988 till March 2005, 5.55 lakh employees (approximate) have been released under VRS.

### 6.12 VRS In CPSEs which can sustain themselves

6.12.1 Enterprises, which are financially sound and can sustain VRS on their own, can frame their own schemes of VRS and make it attractive enough for employees to opt for it. They may offer as compensation upto 60 days salary (only Basic Pay + DA) for every completed year of service. However, such compensation will not exceed the salary for the balance period of service left.

### 6.13 VRS In Marginally Profit Or Loss Making CPSEs

6.13.1 Marginally profit/ loss making CPSEs as well as sick and unviable units may adopt either

- (i) the Gujarat Model under which the compensation is computed by allowing 35 days salary for every completed year of service and 25 days for each year of the balance service left until superannuating subject to conditions that the compensation shall not exceed the sum of salary for the balance period left for superannuation or
- (ii) the VSS package of Department of Heavy Industry (DHI model) under which ex-gratia payment equivalent to 45 days emoluments (Pay + DA) for each completed year of service or the total emoluments for the balance period of service, whichever is less, is applicable.



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The VRS optees can opt for either of these two models. The employees who have completed not less than 30 years of service will be eligible for a maximum of 60 (sixty) months salary/wage as compensation and this will be subject to the amount not exceeding the salary/wage for the balance period of service left.

#### **6.14 Funding For VRS**

6.14.1 Budgetary support will be provided to the marginally profit or loss making enterprises and to the sick enterprises for implementing VRS only in case bank credit is not available. The funds would normally be made available at the beginning of the financial year. However, before seeking budgetary support in case of unviable/sick PSEs other sources of funding should be fully explored such as asset securitization and bank loans against Government guarantee for funding VRS/VSS.

# Chapter 7

## Categorisation of CPSEs

- 7.1 The Public Sector Enterprises are categorized into four schedules namely 'A', 'B', 'C' & 'D'. The pay scales of chief executives and full time functional Directors of CPSEs are linked with the schedule of the concerned enterprise. Normally the Chief Executive of the enterprise is given the scale of pay attached to the schedule of the company while the functional Directors are allowed the scale of pay attached to the next below schedule. At times, the posts of Chief Executives or functional Directors are upgraded on personal basis so that exceptionally capable executives are retained in the CPSEs where they had rendered meritorious service. Such arrangements also help in attracting talent to sick or high-tech enterprises.
- 7.2 The initial categorization of CPSEs in the mid-Sixties was made on the basis of their importance to the economy and complexities of their problems. Over the years, the Department of Public Enterprises has evolved norms for the purpose of categorization/re-categorization of CPSEs. Categorization is based on criteria such as quantitative factors like investment, capital employed, net sales, profit, number of employees and qualitative factors like national importance, complexity of problems, level of technology, prospects for expansion and diversification of activities and competition from other sectors, etc. In addition, a criteria relating to the strategic importance of the CPSE is also taken into account. The present procedure involves consideration of the proposals in the administrative Ministry concerned and the Department of Public Enterprises which consults the Public Enterprises Selection Board. At present
- there are 53 Schedule 'A', 88 Schedule 'B', 52 Schedule 'C', 7 Schedule 'D' and 37 uncategorized PSEs. During the year, one CPSE has been upgraded from Schedule 'B' to 'A' and two CPSEs have been upgraded from Schedule 'C' to 'B'. The schedule-wise list of CPSEs is given in Appendix -VI.

# Chapter 8

## Board for Reconstruction of Public Sector Enterprises (BRPSE)

- 8.1 During the Budget Speech for 2004-2005, Finance Minister announced that Government would constitute a Board for Reconstruction of Public Sector Enterprises (BRPSE) to address the problems relating to strengthening, modernization, reviving and restructuring of Public Sector Enterprises. Accordingly, vide notification dated 6th December 2004, BRPSE was constituted consisting of a Chairman in the rank of Minister of State, three non-official Members and three official Members. In addition, Chairman, Public Enterprises Selection Board (PESB), Chairman, Standing Conference of Public Enterprises (SCOPE) and Chairman, Oil and Natural Gas Corporation Ltd. (ONGC) are permanent invitees, while Secretary of the concerned administrative Ministry/Department is a special invitee to the meetings. There is also an exclusive Secretary to BRPSE in the rank of Additional Secretary to Government of India.
- 8.2 Terms of reference of BRPSE are as follows:-
- To advise the Government on ways and means for strengthening public sector enterprises in general and making them more autonomous and professional;
  - To consider restructuring - financial, organizational and business (including diversification, joint ventures, seeking strategic partners, merger and acquisition) of CPSEs and suggest ways and means for funding such schemes;
  - To examine the proposals of the administrative Ministries for revival/restructuring of sick/loss making CPSEs for their turnaround;
  - To advise the Government on disinvestments/ closure/sale in full or part, in respect of chronically sick/loss making companies, which cannot be revived. In respect of such unviable companies, the Board would also advise the Government about sources of fund including sale of surplus assets of the enterprise for the payment of all legitimate dues and compensation to workers and other costs of closure;
  - To monitor incipient sickness in CPSEs; and
  - To advise the Government on such other matters as may be assigned to it.
- 8.3 First meeting of BRPSE was held on 16.12.2004. 16 meetings of BRPSE have taken place during January 2006 to December 2006 and during this period the Board has considered the proposals of 17 PSEs including 4 remitted cases of the previous year and given its recommendations in respect of 14 PSEs. The proposals of remaining 3 PSEs have been referred to the concerned administrative Ministries/Departments for additional information.
- 8.4 The recommendations of BRPSE in respect of the 14 PSEs fall under the following broad categories.
- | S. No. | Category                              | No. of PSEs |
|--------|---------------------------------------|-------------|
| 1      | Revival through restructuring package | 13          |
| 2      | Closure                               | 1           |
|        | <b>Total</b>                          | <b>14</b>   |
- 8.5 Since the inception of BRPSE, 44 meetings have taken place and the Board has considered proposals of 46 PSEs. Till December 2006, the

Board has given its recommendations in respect of 40 PSEs and the proposals of the remaining 6 have been referred to the concerned administrative Ministries/ Departments for additional information. Out of the 40 cases recommended upon, Government has approved the proposals of 21 PSEs by December, 2006.

- 8.6 The recommendations of BRPSE in respect of the 40 PSEs fall under the following broad categories:

Sl. No.	Category	No. of PSEs
1	Revival through restructuring package	31
2	Revival through Joint Venture /disinvestment	7
3	Closure	2
	<b>Total</b>	<b>40</b>

### 8.7 Other major recommendations of BRPSE

- 8.7.1 BRPSE has also made recommendations on reforms of PSEs. The Board in its meeting held on 7.10.2005 has recommended a 'Scheme for attracting Top Managerial Talent for the loss making PSEs' which is under consideration of Government.

# Chapter 9

## Scheme for Counselling, Retraining and Redeployment

- 9.1 There has been thrust on restructuring the central public enterprises. In the process, rationalization of manpower has also become a necessity. The policy of the Government has been to implement reforms with a humane face and provide adequate safety net for the affected workers.
- 9.2.1 Considering the need to have safety net, 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 later abolished in February, 2000. The retraining activity was administered by Deptt. of Industrial Policy & Promotion till 31st March, 2001. The Plan Scheme for Counselling, Retraining and Redeployment (CRR) of rationalized employees of CPSEs has been under implementation by the Department of Public Enterprises since 2001-02.
- 9.3 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.
- 9.4 The scheme consists of three main elements namely; counselling, retraining and redeployment. Counseling helps the rationalized employees to absorb the trauma of leaving the organization, to properly manage their funds including compensation and to motivate them to face the challenges and to re-join the productive process. Similarly, retraining strengthens their skill/ expertise. Selected training institutes impart need-based training of 20 days/ 30days/40days modules. The faculty support is both internal and external, and the approach is to provide classroom lectures as well as field experience. In the process, trainees interact with experts from various fields and are being helped in preparation/finalization of project reports. The retraining should lead to redeployment mostly through self-employment. In the present scheme, the objective is to maximize the rate of self-employment. The Nodal Agencies, therefore, provide need-based support, linkage with credit institutions and continuously follow up with the retrained personnel.
- 9.5 The sensitization programme in the premises of the CPSEs aims at providing capsule course, literature for guidance, motivation cum awareness, information on market opportunities etc. prior to the release of the employees so that they can leave the organization with confidence to meet the challenges of their early retirement.
- 9.6 For monitoring the CRR programme, the in-built mechanism involves field visits and inspections by the concerned officers of DPE. Coordination Committees at local level have also been formed. The Scheme also provides for inter-ministerial Review Committee under Secretary (PE) with members from selected concerned Government Departments/agencies/CPSEs.
- 9.7 The Nodal Training Agencies are required to counsel VRS optees, impart training and reorientation, develop curriculum/materials,

prepare feasibility reports, market surveys, post training follow up, interface with credit institutions, support in self employment, regular liaison with CPSEs, convening meeting of Co-ordination Committee etc.

- 9.8 CPSEs are the key to the success of the scheme. They are supposed to extend all possible support for the welfare of the separated employees by clearing their compensation/dues before release. Long association with employees puts CPSEs in a better position to identify their retraining needs.
- 9.9 A Plan Fund of Rs. 8 crore was allocated initially during 2001-02, which was enhanced to Rs.10 crore during 2002-03 and 2003-04. The plan fund was substantially increased to Rs. 30 crore during 2004-05 and 2005-06. The budget allocation has been further increased to Rs. 31.50 crore during 2006-07. The CRR Scheme is being reformulated keeping in view the changed scenario to make it more effective and leading to better re-deployment. The revised scheme will be placed before the Planning Commission and approval sought from the competent authority. The estimated budget allocation required would be Rs. 40 crore. Since B.E. is Rs. 10 crore for 2007-08 supplementary allocation will be sought. For imparting training to the rationalized employees, 32 nodal agencies with 99 Employees Assistance Centres (EACs) are operational. During the year 2001-2002, 2002-2003, 2003-04 and 2004-05, number of persons retrained respectively was 8064, 12066, 12134 and 28003 under the CRR scheme. A

physical target of 28000 was assigned during 2005-06 against which number of retrained employees was 28854 out of which 15464 were redeployed. During the year 2006-07 against a target for training 29000 VRS optees, 17057 have been retrained till October, 2006. DPE has already released Rs. 20.59 crore to the Nodal Agencies till December, 2006. A list of nodal agencies is given at Appendix -VII.



*M/S. S.K. Electricals, run by Shri P.K. Mahapatra, who was retrained under CRR Scheme by Madhya Pradesh Consultancy Organization Limited at Employment Assistance Centre, Bhilai*

# Chapter 10

## Official Language Policy

- 10.1 Hindi Cell of this Department is primarily responsible for implementation of various provisions of the Official Language Act and the rules framed thereunder. Hindi Cell is also responsible for translation of documents required to be issued under Section 3(3) of the Official Language Act. As more than 80% of the staff of this Department knows Hindi, the Department has been notified under rule 10(4) of the Official Language Rules, 1976.
- 10.2 All notifications, resolutions, notices, circulars, papers laid on the Table of the House of Parliament etc., have been issued bilingually during the year 2006-07. Efforts were also made to promote original correspondence in Hindi. The Official Language Implementation Committee of DPE continues to function under the Chairmanship of the Joint Secretary and meetings of the said Committee were held regularly during 2006-07.
- 10.3 With a view to create consciousness and accelerating the use of Hindi as Official Language, Hindi Pakhwada, was organized by this Department in September, 2006. During the Pakhwada, various competitions such as, Elocution, Essay Writing, Noting & Drafting (Hindi Speaking), Noting & Drafting (Non-Hindi Speaking), Hindi Shrutlekh and Hindi typing on Computer were organized for the officers and employees and prizes were distributed to the winners.
- 10.4 The Department has been presenting Annual "Public Enterprises Survey" on the working of Industrial and Commercial Undertakings of the

Central Government in the Parliament every year during the Budget Session. This is a voluminous and comprehensive document brought out by the Department simultaneously in English and Hindi.



*Dr. R.C. Panda, Secretary, HI&PE, presiding over the prize distribution function of Hindi Pakhwada organised during 2006-07*

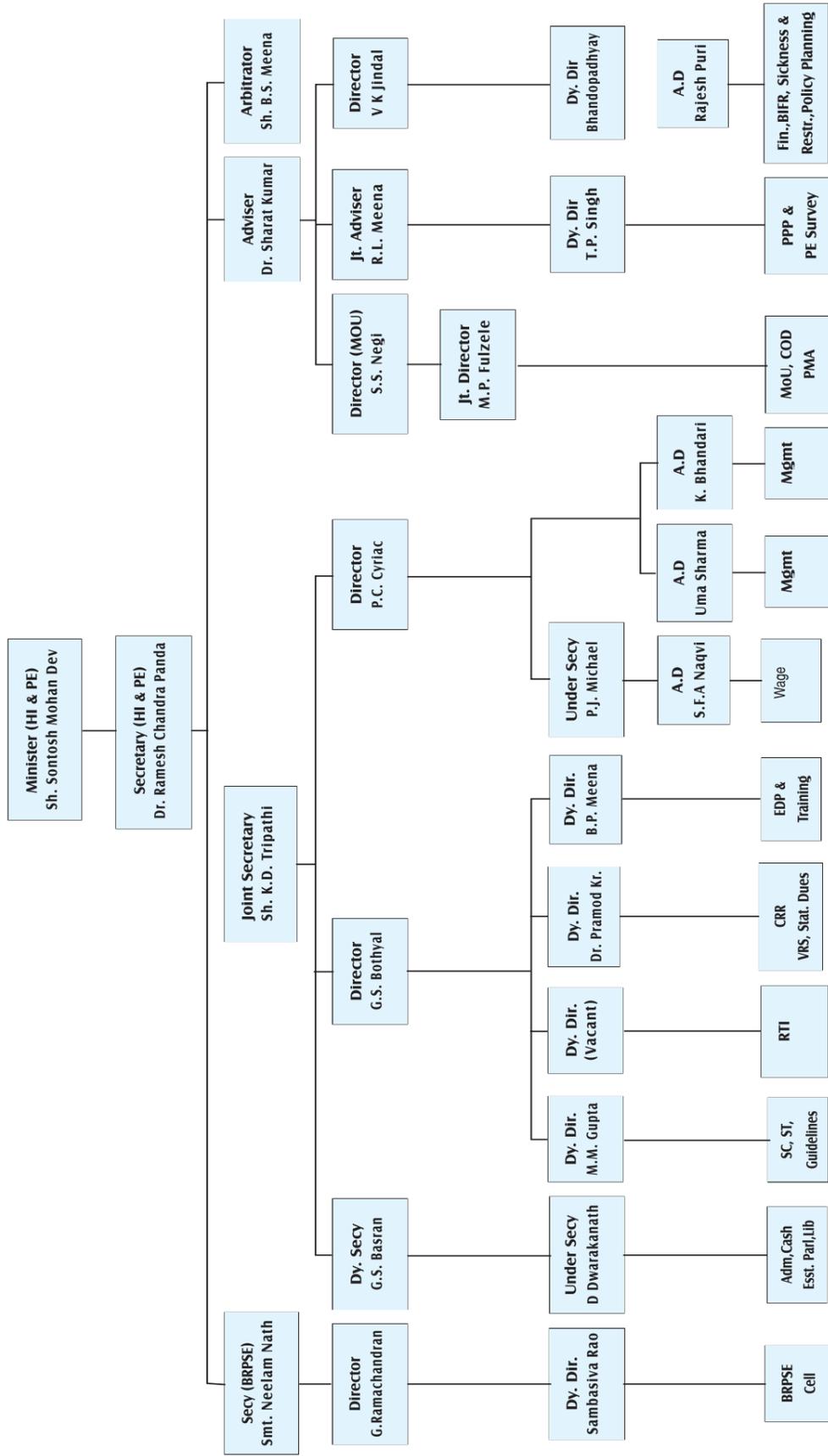
# Chapter 11

## Welfare of Women

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- 11.1 The principle of gender equality is enshrined in the Indian Constitution in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only grants equality to women, but also empowers the State to adopt measures of positive discrimination in favour of women. Within the framework of a democratic polity, our laws, development policies, plans and programmes have aimed at advancement of women in different spheres.
- 11.2 The Department has also set up a complaint committee under the chairmanship of a lady officer to ensure fair, safe and healthy environment at work place for women. The guidelines laid down by the Supreme Court relating to sexual harassment have been brought to the notice of all those working in this Department. Department of Public Enterprises vide their OM dated 29th May, 1998, has already issued detailed guidelines and norms to Chief Executives of PSEs for observance and prevention of sexual harassment of working women.
- 11.3 The Department of Public Enterprises is small in size having a total sanctioned strength of 128. There are 99 officers/staff, in position, include 13 lady employees. The Department is a nodal department for CPSEs and formulates policy pertaining to CPSEs. The Department have made all possible efforts to create a healthy and congenial atmosphere so that women employees can perform duties with honour, dignity and without fear.

## Department of Public Enterprises Organisational Structure



Appendix I

### List of Navratna CPSEs

1. Bharat Heavy Electricals Limited
2. Bharat Petroleum Corporation Limited
3. GAIL India Limited
4. Hindustan Petroleum Corporation Limited
5. Indian Oil Corporation Limited
6. Mahanagar Telephone Nigam Limited
7. NTPC Limited
8. Oil & Natural Gas Corporation Limited
9. Steel Authority of India Limited

## List of Miniratna CPSEs

## CATEGORY-I

1. Bharat Dynamics Limited
2. Bharat Electronics Limited
3. Bharat Earth Movers Limited
4. Bharat Sanchar Nigam Limited
5. Bongaigaon Refineries & Petrochemicals Limited
6. Central Warehousing Corporation
7. Chennai Petroleum Corporation Limited
8. Container Corporation of India Limited
9. Dredging Corporation of India Limited
10. Engineers India Limited
11. Garden Reach Shipbuilders & Engineers Limited
12. Hindustan Aeronautics Limited
13. Hindustan Latex Limited
14. Hindustan Newsprint Limited
15. Housing & Urban Development Corporation Limited
16. India Tourism Development Corporation Limited
17. IRCON (International) Limited
18. Kudremukh Iron Ore Company Limited
19. Mazagaon Docks Limited
20. M M T C Limited
21. MSTC Limited
22. National Aluminium Company Limited
23. National Fertilizers Limited
24. National Mineral Development Corporation Limited
25. Neyveli Lignite Corporation
26. Numaligarh Refinery Limited
27. Oil India Limited
28. Power Finance Corporation Limited
29. Power Grid Corporation Limited
30. Rashtriya Chemicals & Fertilizers Limited
31. Rashtriya Ispat Nigam Limited
32. Rural Electrification Corporation Limited
33. RITES Limited

34. Shipping Corporation of India Limited
35. State Trading Corporation of India Limited
36. Telecommunications Consultants (India) Limited

## CATEGORY-II

37. Balmer Lawrie & Co. Limited
38. Educational Consultants (I) Limited
39. Engineering Projects (I) Limited
40. Ferro Scrap Nigam Limited
41. HMT (International) Limited
42. Hospital Services Consultancy Corporation (I) Limited
43. India Trade Promotion Organization
44. Indian Medicines Pharmaceuticals Corporation Limited
45. Manganese Ore Indian Limited
46. MECON Limited
47. National Film Development Corporation Limited
48. PEC Limited
49. Rajasthan Electronics & Instruments Limited
50. Water & Power Consultancy (India) Limited

## Appendix III

### List of CPSEs which signed the MOUs for the year 2006-07

1. Indian Oil Corporation Ltd.
2. Bharat Petroleum Corporation Ltd.
3. Balmer Lawrie & Co. Ltd.
4. Oil India Limited
5. Oil & Natural Gas Co. Ltd.
6. GAIL (I) Limited
7. Hindustan Petroleum Corp. Ltd
8. Power Grid Corpn. Of India Ltd,
9. Coal India Limited
10. North Eastern Electric Power Corporation Ltd,
11. NTPC Ltd
12. Neyveli Lignite Corporation Limited
13. Nuclear Power Corpn. Of India Ltd.
14. National Hydroelectric Power Corporation Ltd
15. Tehri Hydro Development Corporation Ltd,
16. Satluj Jal Vidyut Nigam Limited Ltd
17. Bharat Heavy Electricals Ltd,
18. Bharat Earth Movers Limited
19. Bharat Dynamics Ltd,
20. Hindustan Aeronautics Ltd.
21. Hindustan Latex Limited
22. Karnataka Antibiotics & Pham.Ltd.
23. Hindustan Paper Corporation Ltd,
24. Scooters India Ltd
25. Indian Medicines Pharmaceuticals Corporation Ltd,
26. Bharat Immunological & Biological Ltd
27. Kudremukh Iron Ore Co Ltd,
28. Manganese Ore (I) Ltd,
29. National Mineral Dev. Corp. Ltd.
30. Indian Rare Earth Ltd.
31. Mineral Exploration Corporation Ltd.
32. Uranium Corporation of India Ltd,
33. Steel Authority of India Ltd,
34. Hindustan Copper Ltd.
35. National Aluminum Co. Limited
36. Rashtirya Ispat Nagam Ltd,
37. Mishra Dhatu Nigam Ltd.
38. Sponge Iron India Ltd.
39. ITI Ltd,
40. Bharat Electronics Limited
41. Electronics Corp. Of India Ltd.
42. Central Electronics Limited
43. Mahanagar Telephone Nigam Ltd.
44. Bharat Sanchar Nigam Ltd
45. Telecommunications Consultants India Ltd
46. Railtel Corporation of India Ltd
47. Rajasthan Electronics & Instrumentation Ltd,
48. Shipping Corpn. Of India Ltd.
49. Dredging Corporation of India Ltd,
50. Cochin Shipyard Limited
51. Goa Shipyard Ltd.
52. Mazagoan Dock Ltd.
53. Container Corporation of India Ltd,
54. Hindustan Shipyard Limited
55. Airports Authority of India
56. Garden Reach Shipbuilders & Eng. Ltd.
57. Konkan Railway Corporation Ltd.
58. Central Inland Water Transport Corporation Ltd,
59. Ennore Port Limited
60. Hooghly Dock & Port Engineers Limited
61. Indian Airlines Ltd
62. Mumbai Rail Vikas Nigam Ltd,
63. MMTC Ltd.
64. North Eastern Handicraft & Handloom Development Corporation
65. Handicrafts & Handlooms Export Corpn. Of India Ltd,
66. State Trading Corporation Ltd
67. PEC Limited
68. Central Cottage Industries Corp. of India Ltd
69. Cotton Corporation of India Ltd.
70. National Handloom Dev. Corp. Ltd,
71. Indian Trade Promotion Organisation
72. India Tourism Development Corp. Ltd

73. MSTC Ltd.
74. Ferro Scrap Nigam Ltd.
75. Hindustan Steelworks Construction Ltd.
76. Artificial Limbs Manufacturing Corpn of India Ltd.
77. Indian Railway Catering & Tourism Corpn Ltd.
78. National Fertilizes Ltd.
79. FCI Aravali Gypsum & Minerals (I) Ltd,
80. Projects & Development India Ltd,
81. Central Warehousing Corporation
82. State Farms Corporation of India Ltd.
83. North Eastern Regional Agricultural Marketing Corpn.
84. National Seeds. Corpn. Ltd,
85. Brahmaputra Valley Fertilisers Corp Ltd,
86. Rashtriya Chemicals & Fertilisers Ltd,
87. Engineers India Ltd,
88. IRCON International Ltd.
89. RITES Limited
90. Engineering Projects (India) Ltd.
91. National Projects Construction Corporation Ltd,
92. HSSC Ltd
93. MECON Ltd.
94. Educational Consultants India Ltd.
95. National Small Industries Corpn. Ltd,
96. National Research Dev. Corpn.
97. Water & Power Consultancy Ser. (I) Ltd.
98. National Building Construction Corpn Ltd,
99. Broadcast Engineering Consultants India Limited
100. National Schedule Tribes Finance Development Corpn,
101. National Film Development Corp. Ltd,
102. Housing & Urban Development Corporation Ltd,
103. Rural Electrification Corpn.Ltd,
104. Indian Renewable Energy Dev. Agency
105. Export Credit Guarantee Corp. of India Ltd,
106. Power Finance Corporation Ltd,
107. Indian Railway Finance Corporation Ltd,
108. National BC Fin. & Development Corpn.
109. National Minorities Finance & Development Corporation
110. National Schedule Caste Finance Development Corporation
111. National Safai Karamchari's Finance & Development Corporation
112. Air India Ltd,
113. NTC Ltd.

## Appendix IV

### MoU score for the year 2005-06 (provisional)

S.No	Name of PSE	MOU Score	Rating
1.	Indian Oil Corporation Ltd.	1.17	Excellent
2.	Bharat Petroleum Corporation Ltd.	1.51	Very Good
3.	Balmer Lawrie & Co. Ltd.	1.34	Excellent
4.	Oil India Limited*	1.71	Very Good
5.	Oil & Natural Gas Co. Ltd.*	1.45	Excellent
6.	GAIL (I) Limited*	1.28	Excellent
7.	Hindustan Petroleum Corp. Ltd	1.03	Excellent
8.	Power Grid Corpn. Of India Ltd,	1.00	Excellent
9.	Coal India Limited	1.90	Very Good
10.	North Eastern Electric Power Corporation Ltd *	1.27	Excellent
11.	NTPC Ltd*	1.61	Very Good
12.	Neyveli Lignite Corporation Limited	1.21	Excellent
13.	Nuclear Power Corpn. Ltd.	1.28	Excellent
14.	National Hydroelectric Power Corporation Ltd*	1.69	Very Good
15.	Satluj Jal Vidyut Nigam Limited*	1.09	Excellent
16.	Bharat Heavy Electricals Ltd,*	1.20	Excellent
17.	Bharat Earth Movers Limited	1.30	Excellent
18.	Bharat Dynamics Ltd,	1.41	Excellent
19.	Hindustan Aeronautics Ltd.	1.04	Excellent
20.	Hindustan Latex Limited*	1.29	Excellent
21.	Karnataka Antibiotics & Pham.Ltd.	1.40	Excellent
22.	Hindustan Paper Corporation Ltd	1.04	Excellent
23.	Scooters India Ltd	2.92	Good
24.	Indian Medicines Pharmaceuticals Corporation Ltd,	3.04	Good
25.	HMT Ltd.	3.66	Fair
26.	Bharat Immunolgical & Biological Ltd	1.65	Very Good
27.	Kudremukh Iron Ore Co Ltd,*	2.22	Very Good
28.	Manganese Ore (I) Ltd,	1.11	Excellent
29.	National Mineral Dev. Corp.*	1.27	Excellent
30.	Indian Rare Earth Ltd.	1.72	Very Good

31.	Mineral Exploration Corporation Ltd.	1.20	Excellent
32.	Uranium Corporation of India Ltd,*	2.09	Very Good
33.	Steel Authority of India Ltd,	1.44	Excellent
34.	Hindustan Copper Ltd.	1.95	Very Good
35.	National Aluminum Co. Limited	1.28	Excellent
36.	Rashtirya Ispat Nagam Ltd*	1.37	Excellent
37.	Mishra Dhatu Nigam Ltd.	1.09	Excellent
38.	Sponge Iron India Ltd..*	4.03	Fair
39.	ITI Ltd,*	3.52	Fair
40.	Bharat Electronics Limited	1.51	Very Good
41.	Electronics Corp. Of India Ltd.	3.34	Good
42.	Central Electronics Limited*	2.21	Very Good
43.	Mahanagar Telephone Nigam Ltd.	2.05	Very Good
44.	Bharat Sanchar Nigam Ltd	1.26	Excellent
45.	Telecommunications Consultants India Ltd	2.06	Very Good
46.	Railtel Corporation of India Ltd	3.37	Good
47.	Rajasthan Electronics & Instrumentation Ltd, *	1.49	Excellent
48.	Shipping Corpn. Of India Ltd.*	1.29	Excellent
49.	Dredging Corporation of India Ltd	2.04	Very Good
50.	Cochin Shipyard Limited	2.43	Very Good
51.	Goa Shipyard Ltd.	1.89	Very Good
52.	Mazagoan Dock Ltd.	2.42	Very Good
53.	Container Corporation of India Ltd	1.05	Excellent
54.	Hindustan Shipyard Limited *	3.87	Fair
55.	Airports Authority of India	1.83	Very Good
56.	Garden Reach Shipbuilders & Eng. Ltd.*	1.92	Very Good
57.	Konkan Railway Corporation Ltd.	3.84	Fair
58.	Indian Airlines Ltd	2.50	Very Good
59.	Mumbai Rail Vikas Nigam	2.43	Very Good
60.	MMTC Ltd.	1.18	Excellent
61.	Handicrafts & Handlooms Export Corpn.	3.45	Good
62.	State Trading Corporation Ltd	1.02	Excellent

63.	PEC Limited*	1.80	Very Good
64.	Central Cottage Industries Corp. of India Ltd	1.61	Very Good
65.	Cotton Corporation of India Ltd.	2.20	Very Good
66.	National Handloom Dev. Corp.	2.05	Very Good
67.	Indian Trade Promotion Organization*	1.94	Very Good
68.	India Tourism Development Corp.	2.25	Very Good
69.	MSTC Ltd.	2.00	Very Good
70.	Ferro Scrap Nigam Ltd.	1.87	Very Good
71.	Hindustan Steelworks Construction Ltd.	3.59	Fair
72.	Artificial Limbs Manufacturing Corp of India Limited*	3.49	Good
73.	Indian Railway Catering & Tourism Corp Ltd	2.68	Good
74.	National Fertilizes Ltd.	1.32	Excellent
75.	Central Warehousing Corporation Ltd	1.13	Excellent
76.	State Farms Corporation of India Ltd.	3.99	Fair
77.	North Eastern Regional Agricultural Marketing Corpn.	4.49	Fair
78.	National Seeds. Corpn. Ltd	2.01	Very Good
79.	Brahmaputra Valley Fertilizers Corp Ltd,	3.48	Good
80.	Rashtriya Chemicals & Fertilizers Ltd,	1.08	Excellent
81.	Engineers India Ltd,	2.35	Very Good
82.	IRCON International Ltd.	1.24	Excellent
83.	RITES Limited*	1.68	Very Good
84.	Engineering Projects (India) Ltd.	1.27	Excellent
85.	HSSC Ltd	2.96	Good
86.	MECON Ltd.	1.82	Very Good
87.	Educational Consultants India Ltd.	3.18	Good
88.	National Small Industries Corpn. Ltd	3.11	Good
89.	National Research Dev. Corpn.	2.24	Very Good
90.	Water & Power Consultancy Ser. (I) Ltd.	1.00	Excellent
91.	National Building Construction Corpn Ltd,	1.00	Excellent
92.	Broadcast Engineering Consultants India Limited	2.88	Good
93.	National Film Development Corp. Ltd	3.46	Good
94.	Housing & Urban Development Corporation Ltd,	2.38	Very Good
95.	Rural Electrification Corpn. Ltd	1.00	Excellent

96.	Indian Renewable Energy Dev. Agency	3.21	Good
97.	Export Credit Guarantee Corp. Ltd	1.05	Excellent
98.	Power Finance Corporation Ltd	1.00	Excellent
99.	Indian Railway Finance Corporation Ltd,	1.00	Excellent
100.	National BC Fin. & Development Corpn.	1.00	Excellent
101.	National Minorities Finance Development Corpn	2.09	Very Good
102.	National Scheduled Caste Finance Development . Corpn	1.95	Very Good

MoU Composite score	Rating
1.00 - 1.50	Excellent
1.51 - 2.50	Very Good
2.51 - 3.50	Good
3.51 - 4.50	Fair
4.51 - 5.00	Poor

## Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises)

### RESOLUTION

New Delhi, the 30th November, 2006

No.2(10)/06/DPE-WC. - The Government of India have been considering for some time past the changes that have taken place in the structure of emoluments of public sector executives over the years. Conditions have also changed in several respects since the last pay revision made with effect from 1.1.1997.

2.1 The competent authority has decided to appoint the Pay Revision Committee which comprises of the following:-

Chairman Mr. Justice M.J. Rao  
(Retired Judge, Supreme Court of India)

#### Members

- (1) Dr. Nitish Sen Gupta (Economist & Former Member Secretary, Planning Commission, Government of India)
- (2) Shri P.C. Parakh (Former Secretary, Department of Coal, Government of India)
- (3) Shri R.S.S.L.N. Bhaskarudu (Former Managing Director, Maruti Udyog Ltd. & Ex-Chairman, Public Enterprises Selection Board) Ex-Officio Member
- (4) Secretary, Department of Public Enterprises, Government of India

#### Secretary

Joint Secretary, Department of Public Enterprises, Government of India

2.2 The Terms of Reference of the Committee will be as follows:-

2.2.1 The Committee will examine the principles that should govern present structure of pay, allowances, perquisites, and benefits for the following categories of Central Public Sector Enterprises (CPSEs) executives, taking into account the total package of benefits available to them including non-monetary ones, and suggest changes therein which may be desirable

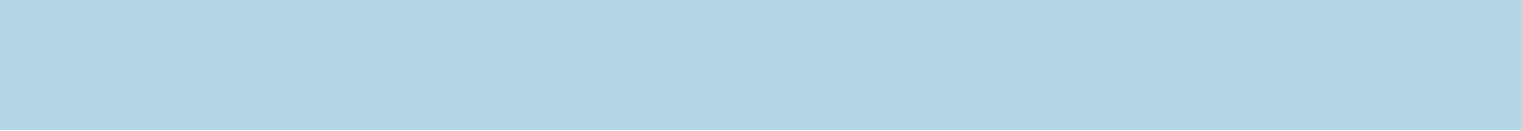
and feasible:

- (i) Board level functionaries
- (ii) Below Board level executives
- (iii) Non-unionised supervisory staff

2.2.2 The Committee will make recommendations so as to transform the CPSEs into modern, professional, citizen-friendly and successful commercial entities that are also dedicated to the service of the people.

2.2.3 The Committee will work out a comprehensive pay package for the categories of employees of CPSEs mentioned at sub-para 2.2.1 that is suitably linked to promoting efficiency, productivity and economy through rationalization of structure, organizations, systems and processes as well as promoting functional and operational autonomy within the Public Sector Enterprises with a view to leveraging economy, responsibility, transparency, discipline, accountability, assimilation of technology and research and development. The existing patterns of scales based on Central Dearness Allowance (CDA) pattern or Industrial Dearness Allowance (IDA) pattern, categorization of CPSEs such as Schedule 'A', 'B', 'C' and 'D', Miniratna, Navratna, loss, profit making CPSEs and CPSEs referred to BIFR or BRPSE may also be taken into account while evolving suitable pay packages. The Committee will also examine the issue concerning separate pay revision guidelines in respect of Navratna CPSEs.

2.2.4 The Committee will make recommendations to harmonize the functioning of the CPSEs with the demands of the emerging national and global economic scenario. This would also take into account, among other relevant factors, the totality of benefits available to the employees, need of rationalization and simplification thereof, the prevailing pay structure and retirement benefits available under the Central



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Public Sector Enterprises, the economic conditions in the country, the need to observe financial prudence in the management of the CPSEs, the resources of the CPSEs and the demands thereon on account of economic and social development and the global economic scenario and competitive environment.

- 2.2.5 The Committee will examine and make recommendations with respect to the general principles, financial parameters and conditions which should govern the desirability, feasibility and continuation/modification of the Productivity Linked Incentives Scheme and Performance Related Payments. and continuation/modification of the Productivity Linked Incentives Scheme and Performance Related Payments.
- 2.2.6 While finalizing its report, the Committee will also take into account the report of the Sixth Pay Commission.
3. The Committee will devise its own procedures as it may consider necessary. Ministries and Departments of the Government of India and State Governments will furnish such relevant information and documents as may be required by the Committee and which they are in a position and at liberty to give, and extend the necessary cooperation and assistance to it.
  4. The Committee will make its recommendations to the Government within a period of 18 months and it will have its headquarters in Delhi.
  5. The decision of the Government on the recommendations of the Committee will take effect from 1.1.2007.
  6. The Committee will be serviced by the Department of Public Enterprises.

**(K.D. TRIPATHI)**  
Joint Secretary

## Schedule-wise list of CPSEs

## Schedule - A

1. Air India Limited
2. Airports Authority of India
3. Bharat Bhari Udyog Nigam Limited
4. Bharat Earth Movers Limited
5. Bharat Electronics Limited
6. Bharat Heavy Electricals Limited
7. Bharat Petroleum Corporation Limited
8. Bharat Sanchar Nigam Limited
9. Bharat Yantra Nigam Limited
10. Coal India Limited
11. Container Corporation of India Limited
12. Electronics Corporation of India Limited
13. Engineers India Limited
14. Fertilizers & Chemicals (Travancore) Limited
15. Food Corporation of India
16. GAIL (India) Limited
17. Heavy Engineering Corporation Limited
18. Hindustan Aeronautics Limited
19. Hindustan Copper Limited
20. Hindustan Petroleum Corporation Limited
21. HMT Limited
22. Housing & Urban Development Corporation Ltd.
23. I T I Limited
24. Indian Airlines Limited
25. Indian Oil Corporation Limited
26. Konkan Railway Corporation Limited
27. Kudremukh Iron Ore Company Limited
28. MMTC Limited
29. Mahanagar Telephone Nigam Limited
30. Mazagaon Dock Limited
31. MECON Limited
32. Mumbai Rail Vikas Corporation Limited
33. National Aluminium Company Limited
34. National Fertilizers Limited

35. National Hydroelectric Power Corporation Limited
36. National Mineral Development Corporation Ltd.
37. National Textile Corporation (Holding Co.) Limited
38. National Thermal Power Corporation Limited
39. Neyveli Lignite Corporation Limited
40. Oil & Natural Gas Corporation Limited
41. Oil India Limited
42. Power Finance Corporation Limited.
43. Power Grid Corporation of India Limited
44. RailTel Corporation of India Limited
45. Rail Vikas Nigam Limited
46. Rashtriya Chemicals & Fertilizers Limited
47. Rashtriya Ispat Nigam Limited
48. Rural Electrification Corporation Limited
49. Shipping Corporation of India Limited
50. State Trading Corporation of India Limited
51. Steel Authority of India Limited
52. Telecommunications Consultants (India) Limited

## Schedule - B

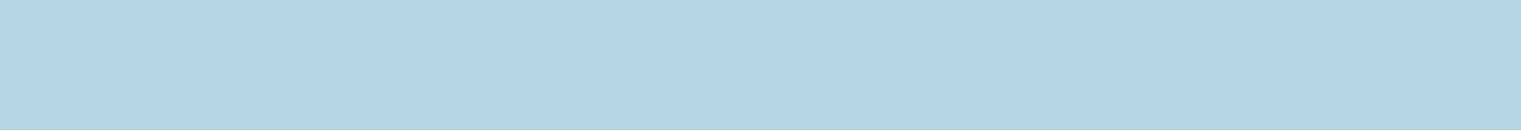
1. Andrew Yule & Company Limited
2. Balmer Lawrie & Company Limited
3. Bharat Coking Coal Limited
4. Bharat Dynamics Limited
5. Bharat Heavy Plate & Vessels Limited
6. Bharat Pumps & Compressors Limited
7. Bongaigaon Refinery & Petrochemicals Limited
8. Brahmaputra Valley Fertilizer Corporation Limited
9. Braithwaite & Company Limited
10. Braithwaite, Burn & Jessop Construction Limited
11. Bridge & Roof Company (India) Limited
12. British India Corporation Limited
13. Burn Standard Company Limited

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|---|--|
| 14. Cement Corporation of India Limited                         | 48. Indian Railway Finance Corporation Limited             |
| 15. Central Coalfields Limited                                  | 49. Indian Rare Earths Limited                             |
| 16. Central Electronics Limited                                 | 50. Instrumentation Limited                                |
| 17. Central Mine Planning & Design Institute Limited            | 51. IRCON International Limited                            |
| 18. Central Warehousing Corporation                             | 52. Kochi Refineries Limited                               |
| 19. Chennai Petroleum Corporation Limited                       | 53. Madras Fertilizers Limited                             |
| 20. Cochin Shipyard Limited                                     | 54. Mahanadi Coalfields Limited                            |
| 21. Cotton Corporation of India Limited                         | 55. Manganese Ore (India) Limited                          |
| 22. Dredging Corporation of India Limited                       | 56. Mangalore Refineries & Petrochemicals Limited          |
| 23. Eastern Coalfields Limited                                  | 57. Mineral Exploration Corporation Limited                |
| 24. Engineering Projects (India) limited                        | 58. Mishra Dhatu Nigam Limited                             |
| 25. Ennore Port Limited   | 59. National Building Construction Corporation Limited     |
| 26. Fertilizer Corporation of India Limited                     | 60. National Jute Manufacturers Corporation Limited        |
| 27. Garden Reach Shipbuilders & Engineers Limited               | 61. National Projects Construction Corporation Limited     |
| 28. Goa Shipyard Limited  | 62. National Small Industries Corporation Limited          |
| 29. Guru Gobind Singh Refineries Limited                        | 63. North Eastern Electric Power Corporation Limited       |
| 30. Handicrafts & Handlooms Export Corporation of India Limited | 64. Northern Coalfields Limited                            |
| 31. Hindustan Cables Limited                                    | 65. NTC (Andhra Pradesh, Karnataka, Kerala & Mahe) Limited |
| 32. Hindustan Fertilizer Corporation Limited                    | 66. NTC (Delhi, Punjab & Rajasthan) Limited                |
| 33. Hindustan Organic Chemicals Limited                         | 67. NTC (Gujarat) Limited                                  |
| 34. Hindustan Paper Corporation Limited                         | 68. NTC (Madhya Pradesh) Limited                           |
| 35. Hindustan Shipyard Limited                                  | 69. NTC (Maharashtra North) Limited                        |
| 36. Hindustan Steel Works Construction Company Ltd.             | 70. NTC (South Maharashtra) Limited                        |
| 37. Hindustan Vegetable Oils Corporation limited                | 71. NTC (Tamilnadu & Pondicherry) Limited                  |
| 38. HMT (International) Limited                                 | 72. NTC (Uttar Pradesh) Limited                            |
| 39. HMT Machine Tools limited                                   | 73. NTC (West Bengal, Assam, Bihar & Orissa) Limited       |
| 40. HMT Watches Limited   | 74. Numaligarh Refineries Limited                          |
| 41. IBP Co. Limited   | 75. ONGC Videsh Limited                                    |
| 42. India Tourism Development Corporation Limited.              | 76. PEC Limited  |
| 43. India Trade Promotion Organization Limited.                 | 77. Pawan Hans Helicopters Limited                         |
| 44. Indian Drugs & Pharmaceuticals Limited                      | 78. Projects & Development India Limited                   |
| 45. Indian Iron & Steel Company Limited                         | 79. RITES Limited  |
| 46. Indian Oil Blending Company Limited                         | 80. Satluj Jal Vidyut Nigam Limited                        |
| 47. Indian Railway Catering & Tourism Corporation Ltd           |  |

81. Scooters India Limited
82. Semi-Conductors Complex Limited
83. South Eastern Coalfields Limited
84. Tehri Hydro Development Corporation Limited
85. Tyre Corporation of India Limited
86. Uranium Corporation of India Limited
87. Western Coalfields Limited

#### Schedule - C

1. Airlines Allied Services Limited
2. Andaman & Nicobar Islands Forest & Plantation Development Corpn. Ltd.
3. Artificial Limbs Mfg. Corporation of India
4. Bengal Chemicals & Pharmaceuticals Limited
5. Bengal Immunity Limited
6. Bharat Leather Corporation Limited
7. Bharat Ophthalmic Glass Limited
8. Bharat Refractories Limited
9. Bharat Wagon & Engineering Company Limited
10. Biecco Lawrie Limited
11. Broadcast Engineering Consultants India Limited
12. Central Cottage Industries Corporation of India Limited
13. Central Inland Water Transport Corporation Ltd.
14. Chinar Watches Limited
15. Educational Consultants (India) Limited
16. FCI Aravali Gypsum Limited
17. Ferro Scrap Nigam Limited
18. Hindustan Antibiotics Limited
19. Hindustan Insecticides Limited.
20. Hindustan Latex Limited
21. Hindustan Newsprint Limited
22. Hindustan Photo Films Manufacturing Company Limited
23. Hindustan Salts Limited
24. HMT (Bearings) Limited
25. Hooghly Dock & Port Engineers Limited
26. Hotel Corporation of India Limited
27. Indian Renewable Energy Development Agency Limited
28. Jute Corporation of India Limited
29. MSTC Limited
30. Nagaland Pulp & Paper Company Limited
31. National Backward Classes Finance & Development Corporation
32. National Film Development Corporation Limited
33. National Handicapped Finance & Development Corporation
34. National Handlooms Development Corporation Limited
35. National Instruments Limited
36. National Minorities Development & Finance Corporation
37. National Research Development Corporation of India
38. National Safai Karamcharis Finance & Development Corporation
39. National SC Finance & Development Corporation
40. National ST Finance & Development Corporation
41. National Seeds Corporation Limited
42. NEPA Limited
43. North Eastern Handicrafts & Handloom Dev. Corporation Limited
44. North Eastern Regional Agricultural Marketing Corporation Limited
45. Praga Tools Limited
46. Rajasthan Electronics & Instruments Limited
47. Richardson & Cruddas (1972) Limited
48. Smith Stanistreet Pharmaceuticals Limited
49. Spices Trading Corporation Limited
50. Sponge Iron India Limited
51. State Farms Corporation of India Limited
52. Triveni Structurals Limited
53. Tungabhadra Steel Products Limited
54. Water & Power Consultancy Services (India) Ltd.



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#### Schedule - D

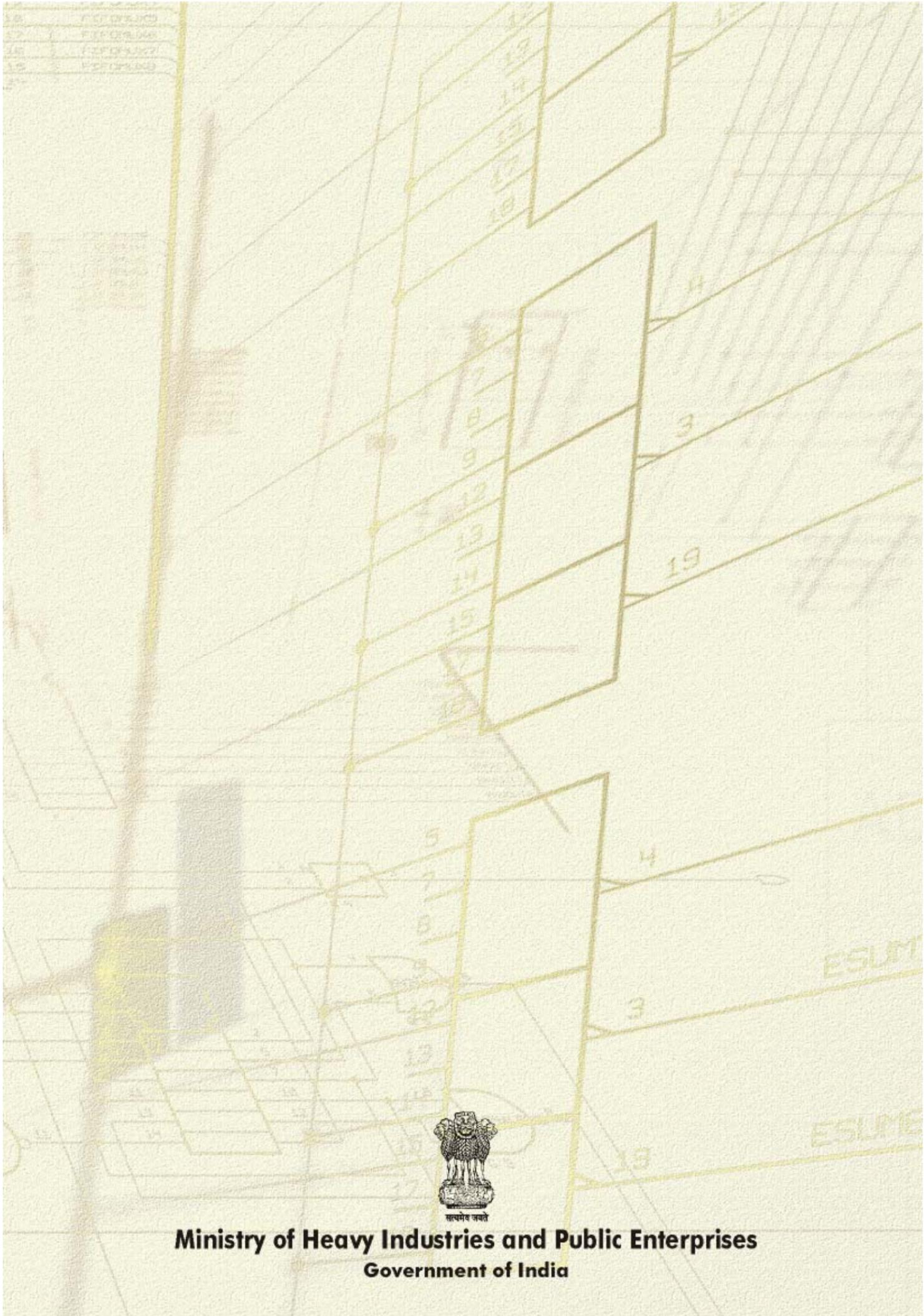
1. Hindustan Fluorocarbons Limited
2. Hindustan Prefab Limited
3. Indian Medicines Pharmaceutical Corporation Ltd.
4. Karnataka Antibiotics & Pharmaceuticals Limited
5. Orissa Drugs & Chemicals Limited
6. Rajasthan Drugs & Pharmaceuticals Limited
7. U.P. Drugs & Pharmaceuticals Limited

## Appendix VII

### List of operational Nodal Agencies for the year 2006-07

1. Associated Chamber of Commerce & Industry of India (ASSOCHAM) New Delhi
2. Central Institute of Plastic Engg. And Technology(CIPET), Chennai
3. CIPET, Bhubaneswar
4. CIPET, Amritsar
5. CIPET, Hajipur
6. CIPET, Guwahati
7. Central Leather Research Institute, Chennai
8. Centre for Development of Advanced Computing, Mohali, (Chandigarh)
9. CMC Ltd.
10. Electronics Service & Training Centre, Ramnagar
11. Indian Council of Small Industries, Kolkata
12. Institute of Entrepreneurship Development, Patna
13. Institute of Labour Development, Jaipur
14. Kalinga Institute of Industrial Technology (KIIT) Bhubaneswar
15. Madhya Pradesh Consultancy Organisation, Bhopal
16. MITCON, Pune
17. National Institute of Small Industry Extension Training (NISIET)
18. National Productivity Council, New Delhi.
19. National School of Computer Education, Kolkata
20. National Small Industries Corpn. Ltd., New Delhi
21. NITRA, Ghaziabad
22. Small Industries Service Institute, Bangalore
23. Small Industries Service Institute, Chennai
24. Small Industries Service Institute, Coimbatore
25. Small Industries Service Institute, Indore
26. Small Industries Service Institute, Kanpur
27. Small Industries Service Institute, Kolkata
28. Small Industries Service Institute, Mumbai
29. Small Industries Service Institute, Patna
30. Small Industries Service Institute, Raipur
31. Small Industries Service Institute, Vizag
32. U.P. Industrial Consultants Ltd., Kanpur





**Ministry of Heavy Industries and Public Enterprises**  
**Government of India**