

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY

RAJYA SABHA
UNSTARRED QUESTION NO. 1862
TO BE ANSWERED ON 03.08.2016

Achievements of the Ministry

1862. SHRI C. M. RAMESH:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) The details of achievements of the Ministry in the last two years;
- (b) Whether presentation was made before the Prime Minister about the Ministry's last two years' achievements;
- (c) If so, the details thereof;
- (d) Where the Ministry has fallen short of its target and where it has excelled;
- (e) What are the targets set for the coming three years and roadmap to achieve the same;
- (f) The details of difficulties brought before the prime Minister and suggestions made to overcome them; and
- (g) The details of core areas the Ministry is going to focus on in the coming three years?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND
PUBLIC ENTERPRISES (SHRI BABUL SUPRIYO)**

(a) Ministry of Heavy Industries and Public Enterprises, comprises the Department of Heavy Industry (DHI) and the Department of Public Enterprises (DPE). The details of achievements of both these Departments in the last two years are annexed.

(b) & (c) No, Sir. However, the details of progress/achievements made in respect of various important activities/issues concerning this Ministry are conveyed from time to time to Prime Minister's Office and Cabinet Secretariat by the Ministry.

(d) No, Sir. The Ministry has not fallen short of its target and the details of areas where the Ministry has excelled are available in the Annexure.

(e) The Ministry is continuously working for improving management and performance of Central Public Sector Enterprises (CPSEs) (including 31 CPSEs under its administrative control) through Corporate Governance, Performance Evaluation, Human Resources Management, Research & Development etc. so as to enhance their global competitiveness. In addition, the Ministry is also focused at ensuring the development and growth of three core sectors i.e. Capital Goods Sector, Automotive Sector and Heavy electrical equipment industry in the future.

(f) Does not arise.

(g) Same as para (e) above.

ACHIEVEMENT OF DEPARTMENT OF HEAVY INDUSTRY

(A) –Automotive Industry

1. **FAME India Scheme**: This Department has notified a scheme namely FAME - India (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India) to encourage progressive induction of reliable, affordable and efficient electric and hybrid vehicles (xEV) with effect from 1st April 2015 for the initial period of Two years. This scheme is one of the Green initiatives of the Government aiming at cumulative fuel savings of about 9500 million litres (Value over Rs. 60000 crore by 2020). Aligned with the Make in India initiative, the scheme aims that India emerge as a leader in the xEV 2-Wheeler and 4-Wheeler market in the World by 2020.

The purpose of the scheme is to encourage faster adoption (market creation and related activities), domestic technology development (Research & Development) and manufacturing of full range of cleaner electric vehicle technologies that include mild hybrid, full hybrid vehicles (HEVs), Plug in Hybrids (PHEVs) and Pure Electric Vehicles (PEVs) (collectively termed as xEVs) thereby leading to creation of a strong, globally competitive, viable & self-sustaining electric vehicle industry and its eco system in India. This is a key initiative which is a palliative for environmental concerns due to use of fuels.

2. Automotive Mission Plan (2016-26)

- The vision of AMP 2026 is:

“By 2026, the Indian Automotive industry will be among the top three of the world in engineering, manufacture and export of vehicles and components, and will encompass safe, efficient and environment friendly conditions for affordable mobility of people and transportation of goods in India comparable with global standards, growing in value to over 12% of India’s GDP, and generating an additional 65 million jobs.”

- The salient features of AMP 2026 are:
 - The Indian Automotive industry to be a top job creator – 65 million additional jobs.
 - The Indian Automotive industry to be the prime mover of Manufacturing sector and “Make in India” Programme.
 - The Indian Automotive industry to aim at increasing exports of vehicles by 5 times and Components by 7.5 times.
 - For success of AMP 2026, there is a need of coordinated and stable policy regime for the automotive sector.
 - Specific interventions are envisaged to sustain and improve manufacturing competitiveness and to address challenges of environment and safety.
 - AMP 2016-26 is proposed to be launched by Hon’ble Prime Minister

NATRIIP

3. The National Automotive Testing R&D Infrastructure Project (NATRIIP) envisages setting up of world class automotive testing and homologation facilities in India with a total investment of Rs.2288.06 crore by 31st Dec. 2014. However due to various reasons project came to a standstill resulting time and cost overruns, court cases on contractual issues and other critical issues. With efforts of the Department and NATRIIP, during the last 2 years, most of the critical issues have been resolved, contracts worth Rs.740 crore. The NATRIIP project was brought on track and Union Cabinet approved the extension of NATRIIP Project from 1st January 2015 to December 2017 with a revised cost estimate of Rs.3700 crore. NATRIIP has completed the following facilities at different centres:-

*** Power Train:**

- a) Mileage Accumulation Chasis Dynamometer (MACD) for 2W, 3W & 4W at ARAI, Pune.
 - b) Engine Test cell (ETC) for Heavy Duty and Light Duty Engines at ARAI, Pune and ICAT, Manesar.
 - c) Sealed Housing Evaporation Determination (SHED) facility for 2W, 3W and 4W at ARAI, Pune.
 - d) Vehicle Test Cell (VTC) for 4W at ARAI, Pune.
4. Hon'ble Minister (HI&PE) inaugurated five facilities at GARC, NATRIIP, Chennai on 27th August, 2015. With the inauguration of these facilities, more world class auto testing and homologation facilities created under the NATRIIP project are now available to the auto industry.
 5. The Hon'ble Minister (HI&PE) inaugurated ICAT, Manesar on 23rd February 2016 with four test facilities i) Climate Vehicle Test Cell (CVTC); (ii) Computer Aided Design & Computer Aided Engineering (CADCAE); (iii) Engine Test Cell (ETC) and; (iv) Infotronics Lab under NATRIIP.

(B) Heavy Engineering and Machine Tools (HE & MT) :

6. A Memorandum of Understanding (MoU) between the Department of Heavy Industry, Government of India and Fraunhofer - Gesellschaft, Germany on cooperation for technology resourcing in the field of Capital Goods was signed on 5th October, 2015 during the visit of the German Chancellor to India from 4th to 6th October, 2015. Fraunhofer Society (Gesellschaft) is a German applied research organization of global repute. The objective is to support and augment the "Make in India" programme through increasing the innovation and technology prowess of Indian industry. A similar MOU has also been signed with M/S Steinbeis, Germany for technology partnership.

In addition, DHI launched its Technology Acquisition Fund Programme (TAFP) in association with Global Innovation and Technology Alliance (GITA), a technology body set up by Department of Science and Technology and CII.

WIN India, India's leading industrial and engineering trade fair, organised by Hannover Milano Fairs India (HMFI) Pvt. Ltd, was held in partnership with DHI from December 9-11, 2015 in New Delhi.

7. A **National Policy on Capital Goods** was formally announced by the Minister (HI&PE) on 15th February, 2016 during the 'Make in India Week' in Mumbai. The policy has got approval from cabinet after extensive industry and stakeholders consultations. The policy has been launched in fulfilment of commitment made before the Hon'ble PM. Some of the important recommendations made in the policy are as below:

- (i) **To integrate with Make in India initiative:**
- (ii) **To create an enabling scheme as a pilot for 'Heavy Industry Export & Market Development Assistance Scheme (HIEMDA)**
- (iii) **To Strengthen the existing Capital Goods scheme**
- (iv) **To launch a Technology Development Fund** under PPP model to fund technology acquisition
- (v) **To create a 'Start-up Center for Capital Goods Sector'**
- (vi) **To ensure Mandatory Standardization**
- (vii) **To upgrade development, testing and certification infrastructure.**
- (viii) **To enhance Skill development:** to set up 5 regional State-of-the-Art Greenfield Centers of Excellence for skill development of CG sector.
- (ix) **To provide schemes for enhancing competitiveness through a cluster approach**
- (x) **To modernize the existing CG manufacturing units, especially SMEs**

(C) Requirement for Schemes on Capital Goods— Rs. 2000 cr. to 3000 cr.

8. **CRITICAL PROJECTS APROVED UNDER THE CG SCHEME**

- As an initiative under "Make in India", setting up of a world class Machine Tool Park at Tumkur in collaboration with Government of Karnataka, in coordination with IMTMA approved. The project cost of Rs 421 crore will be partially met from the Government of India grant support of Rs 125 crore. When implemented fully, the park is expected to double Indian turnover of machine tools to Rs.9000 crore, with matching saving in imports/ forex.

- Creation of Centre of Excellence (COE) at Indian Institute of Technology, Madras (IIT-M) for development of Machine tool Technologies.
- Creation of Centre of Excellence (COE) at PSG College of Technology, Coimbatore for development of welding Technologies.
- Technology support sought by HMT Machine Tools Limited from M/s Fraunhofer of Germany, under Technology Acquisition Fund Programme.
- Common Engineering Facility Centre for electro slag re-melting, welding, gear box manufacturing and non-destructive testing by HEC.
- Creation of Centre of Excellence at CMTI, Bangalore for Development of Advanced technologies for hi-tech Shuttle less Looms (Textile Machinery).
- Creation of Common Engineering Facility Centre for hi-tech tools, dies and moulds by TAGMA.

(D) Central Public Sector Enterprises (CPSEs):

9. Major Achievements:-

- ❖ **BHEL** has retained its leadership position in a shrinking & highly competitive market during last two years with 72% share in Indian Power sector business for the second consecutive year.
- ❖ **BHEL** joined the elite club of select global giants having installed base of over 150 GW of power generating equipment for 3rd Year in a row.
- ❖ **BHEL** secured orders worth Rs.74,541 crores from Power & Industry segments covering both domestic & international markets in last two years.
- ❖ **BHEL** has signed an MoU with the newly formed Telangana State for 6000 MW Power projects.
- ❖ **BHEL** has commissioned/synchronized Power projects totaling 27000 MW during the last 2 years.
- ❖ **BHEL** has manufactured the first indigenously 660 MW supercritical thermal set commissioned at NTPC Barh, and first indigenously manufactured 800 MW supercritical boiler commissioned at Krishnapatnam.
- ❖ **BHEL** has achieved a major milestone of the year by commissioning of power plants in Ethiopia, Oman, Rwanda and Sudan totaling to 319 MW. In 2015-16, it also forayed into new markets with maiden orders from Belgium and Mozambique, expanding its global footprint to 78 countries.
- ❖ During the year **BHEL** set a new record in its Solar PV business in a single year by setting up of 480 MW Integrated Solar PV Manufacturing Facility at Bhandara, Maharashtra. At a time when the country is considering large scale-up plan for Solar PV Energy i.e. 100 GW by 2022, this manufacturing facility assumes significance by enhancing domestic manufacturing base.

- ❖ **BHEL** has commissioned 736 MW hydro projects during the year which is highest in the last 10 years.
- ❖ **BHEL** achieved the highest order booking in the last five years, at Rs.43727 crore, a 42% leap over 2014-15.
- ❖ During the year, **BHEL** filed the highest ever 477 patents and copyrights in a year, enhancing the company's intellectual capital to 3,487.
- ❖ Andrew Yule & Company Limited (**AYCL**) and Scooters India Limited (**SIL**), CPSEs under this Department, which had been under reference to BIFR, were discharged from its purview as their net worth has turned positive.
- ❖ **AYCL** was awarded the PSE Excellence Award 2014 for being the Best Turnaround PSU.
- ❖ **HMT (Machine Tools) Ltd** indigenously developed a multi blade shearing machine to cut the irradiated nuclear fuel bundle into smaller pieces for disposing nuclear waste and to retrieve the weapon grade plutonium. The machine developed by HMT cuts total bundle in one stroke giving 1300% more productivity with improved reliability to work in radioactive area.
- ❖ **HMT (International) Ltd** has been awarded an order valued at Rs.14.19 crore to upgrade and modernize the existing facilities of Rajiv Gandhi School of Production & Art (RGSPA) at Ulaanbaatar, Mongolia on request from the Government of Mongolia.
- ❖ Scooter India Ltd (**SIL**) has reported a Profit after Tax of Rs.11.08 crore for the year 2014-15, a highest in the history of SIL.
- ❖ Engineering Project India Ltd (**EPI**) has successfully completed a prestigious 'Engineer-3 Project' Phase-I (valuing US\$ 255 Million) in Oman. The Phase-II of this project (valuing US\$ 470 Million) has also been awarded to EPI in June, 2015. This is the highest value order ever received by EPI.
- ❖ Signing of MoU between **HEC** and M/s Paul Wurth, Luxembourg in the presence of HE the Dy PM of Luxembourg and Minister HI&PE.
- ❖ The Braithwaite Burn & Jessop Construction Company Ltd (**BBJ**) has completed supply, fabrication & erection of Open Web Steel bridges over river Torsha & Jaldhacca at West Bengal for North Frontier Railway, Open Web Steel bridge over river Khatjodi at Odisha for RVNL, Open Web Steel bridge over river Gandak at Bihar for East Central Railway and 4 KM long Rail cum Road bridge over river Ganga at Munger, Bihar for East Central Railway. The last bridge was inaugurated by Hon'ble Prime Minister of India on 12.03.2016.
- ❖ Despite the down turn in the economy of the country, the Cement Corporation of India (**CCI**) has achieved higher capacity utilization, production and turnover during the last two years. Two loss making plants at Rajban in Himachal Pradesh & Bokajan in Assam have turned into profit.

Rationalization and restructuring of CPSEs:

Apart from growth registered by CPSEs, it has been a conscious effort of DHI to put to optimal use the assets of its CPSEs. Accordingly, approval has been obtained for giving a golden handshake to employees followed by closure of 5 CPSEs, viz. TSPL, HMT Bearings, HMT Watches, HMT Chinara Watches and Hindustan Cables Limited. This is likely to free up valuable land assets for greater public use. Restructuring proposals are under active consideration for HEC, HPC and HEC Limited.

ACHIEVEMENT OF DEPARTMENT OF PUBLIC ENTERPRISES

- Allocation of Business Rules in respect of DPE were got amended in **August 2015** to enable DPE to monitor CAPEX projects of CPSEs. For the first time compilation of CAPEX of select CPSEs is being done by DPE. This has led to better spending by the CPSEs on infrastructure projects. Besides, DPE has prescribed high weightage (15-20) for CAPEX/leveraging net-worth in MoU guidelines for the year 2016-17.
- In order to streamline the multiple mechanisms for revival of sick CPSEs, the Board for Reconstruction of Public Sector Enterprises (BRPSE) has been wound up on 9th **November, 2015**. DPE has issued on 29.10.2015 guidelines for "Streamlining the mechanism for revival and restructuring of sick/ incipient sick and weak Central Public Sector Enterprises: General principles and mechanism of restructuring" to be followed by the administrative Ministries /Departments in preparation of proposals for revival/restructuring or closure of CPSEs under their administrative control in a time bound manner. For the first time Government would identify the CPSEs, which are prone to sickness. A new category of 'weak CPSEs' has been introduced in guidelines issued by DPE to identify CPSEs at an early stage, before they become sick/incipient sick.
- Greater emphasis has been given on Corporate Governance/ Professionalization of Boards.
(a) The Search Committee meetings were held regularly and names for filling up 231 positions of non-official Directors in various CPSEs recommended. (b) Nine posts of full time Directors were created on the Boards of CPSEs (BIRAC, Air India Limited, Pawan Hans Limited and Bharat Petro Resources Limited) to improve their functioning. (c) Besides, DPE organized four training programmes for capacity building of non-official and Government Directors of CPSEs. The participants were sensitized about their role and responsibilities in the context of newly enacted Companies Act, 2013 and important issues related to better functioning of Boards.
- Guidelines on MoU system for performance evaluation of CPSEs have been issued on **31.12.2015**. Emphasis has been given on result oriented parameters (instead of process oriented) to measure profitability and efficiency - such as Capacity Utilization, revenue from Operations, Trade Receivable as percentage of Revenue from operations, Inventory as percentage of Sale of products. In addition efficiency parameters (physical operations) have been incorporated which would be evaluated against well-established benchmarks.
- For the first time after the enactment of Companies Act, 2013 providing for mandatory expenditure of certain percentage of profit on CSR activities, DPE has started monitoring of CSR activities of CPSEs. As per available information in respect of 127 CPSEs, the 2% of average PBT for these 127 CPSEs for 2014-15 works out to be Rs. 3492.29 crore. Against this, the total CSR spending in 2014-15 for these 127 CPSEs is approx. Rs. 2450.23 Crore.

- With the objective of minimum government maximum governance rationalization of old/ obsolete BPE/ DPE guidelines done after a review of approx. 635 such guidelines a revised Compendium containing 320 guidelines has been published in **January 2016** for the benefit of CPSEs and their concerned administrative Ministries/ Departments. This compendium published after a gap of almost ten years is available on the website of DPE.
- The Department of Public Enterprises brings out the Public Enterprises Survey on the performance of Central Public Sector Enterprises (CPSEs), which is laid in the Parliament every year during Budget session. The current (55th Survey) Public Enterprises survey 2014-2015 was laid in both the Houses of Parliament on 26.2.2016. The Public Enterprises Survey 2013-14 was also laid in both the Houses of Parliament on 26.02.2015.
- During the 12th Five Year Plan, DPE is implementing a Plan Scheme in respect of Skill Development/ Training of executives in SLPEs. Under the Scheme Management Development Programmes on various topics for increasing the knowledge & skill of executives of SLPEs are organized at various Centre for Excellence such as IIIMs, IITs, IIPA, Delhi etc. During the year 2015-16, nine training programmes have been planned and successfully conducted under which 275 Executives of State Level Enterprises have been benefited with the said training programmes. During the year 2014-15, seven training programmes were organised under the above scheme in which 237 executives from SLPEs have participated.
- Under the DPE's Plan Scheme of Research Development and Consultancies (RDC) on generic issues related to Public Sector Enterprises , following workshops have been organized during the year 2014-15 and 2015-16 in which around 200 executives of CPSEs and SLPEs have participated.

Workshops organised during the year 2015-16

Sl. No.	Institute	Subject	Place	Date
1	Institute of Chartered Accountant of India (ICAI)	Companies Act 2013- Implications for Public Sector Enterprises	New Delhi	04.09.2015
2	ICWAI Management Accounting Research Foundation	International Financial Reporting Standards (IFRS) and Indian Accounting standards (IND AS)	New Delhi	22.09.2015

Workshops organised during the year 2014-15

Sl. No.	Organisation	Subject	Place	Date
1	NEEPCO	Workshop on MoU system in SLPEs	Shillong	01.09.2014
2	Government of Himachal Pradesh	Workshop on MoU system in SLPEs	Shimla	29.09.2014

- The Department tables the Reports of the Comptroller and Auditor General of India in the Parliament and also follows up with the respective administrative Ministries / Departments for submission of Action Taken Notes (ATN) on Audit Paras to Committee on Public Undertakings as well as C & AG. During the year 2015-16, Report of the C & AG namely, No. 2 of 2015 General Purpose Financial Report of Central Public Sector Enterprises (Compliance Audit) was placed in the Parliament on 5.5.2015. and Report No. 21 (Volume I & II) was placed in the Parliament on 30.7.2015 (Rajya Sabha) and 31.7.2015 (Lok Sabha) respectively.

Similarly in the year 2014-15, Report of the C & AG namely, Report No. 2 of 2014 (General Purpose Financial Reports of Central Public Sector Enterprises (Compliance Audit) and Report No.13 of 2014 (Compliance Audit Observations) of the Comptroller and Auditor General of India was laid in the Parliament on 01.08.2014.

- Government has constituted 3rd Pay Revision Committee (PRC) under the Chairmanship of Justice Satish Chandra vide resolution dated 09.06.2016 for revision of pay scales for Executives and Non-unionized Supervisors of CPSEs w.e.f. 01.01.2017.
