DEPARTMENT OF HEAVY INDUSTRY

EXECUTIVE SUMMARY

1. The Department of Heavy Industry administers 48 PSEs representing almost a fifth of the total 240 central PSEs. Unfortunately most of these are sick or near sick enterprises. Only 16 out of 48 made profit in 1998-99, but this was overshadowed by the large losses made by the remaining 32 enterprises. All the PSEs together made a net loss of Rs.411 crore.

2. Almost the entire budgetary allocation of the department amounting to about Rs.460 crore in 2000-01 is intended for meeting expenses towards rehabilitation and restructuring of loss making PSEs and on VRS to their employees.

3. With the policy of liberalization leading to competition from private sector and from imports, most of these PSEs are finding it difficult to survive. Even otherwise, there is little justification to continue to retain most of them in the public sector.

4. Any significant saving in expenditure is possible only through early disposal of these PSEs.

5. Consistent with the government policy, the approach should be to privatise all the PSEs which are non-core and also close down those which cannot be revived/ privatized. Towards this end, a well conceived plan of action, with a time frame of three to four years and well defined milestones for achievement would need to be drawn up.

6. Although a decision was taken in 1997 for conversion of 24 PSEs into joint ventures, progress has been very slow. Only one undertaking has so far been disinvested and management transferred to a private party and 11 PSEs have been referred to Department of Disinvestment. But here again, there has been little progress. Similarly, although 9 companies have been recommended by BIFR/Disinvestment Commission for winding up, only one, namely Mandya National Paper Mills has so far been closed down. Revival schemes of 12 enterprises as recommended by BIFR are in progress; in respect of 7 others, recommendations are still awaited. All these point to the need for examining the reasons for the slow progress and for putting in place necessary remedial measures without delay.

7. A broad principle that may be adopted is to treat those companies whose current operations, relieved of the burden of old debts, are profitable as potential candidates for restructuring to make them viable. If the current operations are profitable and could be expected to continue to be profitable in future, such an enterprise should be made viable through financial restructuring by lifting the burden of debts piled up from loans extended by government to finance previous losses.

8. The task ahead of Department of Heavy Industry includes the following

(i) To proceed ahead expeditiously with the conversion into joint ventures all undertakings already identified for this purpose.

(ii) Take steps expeditiously for closing down enterprises which have already been recommended by BIFR for winding up (and not wait for completion of long drawn winding up operations).

(iii) Undertake a time bound study of all other enterprises, if necessary through consultants, to identify (a) those which can be made viable through restructuring and (b) those which are chronically ill that there is no option but to close them down.

(iv) To take action expeditiously to close down those which are so identified as chronically sick or dispose of them through outright sale.

(v) Undertake restructuring of those undertakings which can be made viable easily and quickly. An important element in such a process would be shedding of all unviable items of activities in these undertakings.

(vi) All those undertakings which are neither considered crucial enough for continued retention in the public sector now are to be closed down or converted into joint ventures or be privatised. In respect of those units which are already fit for privatization, action would need to be initiated straightway in consultation with the Department of Disinvestment.

9. Funding of PSEs for VRS/VSS and revival should, as far as possible, be arranged from sources other than the budgetary resources of the government. Several of the ailing PSEs have valuable assets by way of extensive land in prime locations and a way needs to be found to utilize these physical assets, either through partial sale or through SPV route, to generate the resources for this purpose.

10. Having regard to the nature of work in this department, the suggestions of the Fifth Pay Commission for ‘delayering’, level-jumping and desk officer oriented system could be introduced, making not only considerable reductions in the total staff strength but also enhancement of efficiency in operations.

1. INTRODUCTION

The Department of Heavy Industry was initially set up in 1990-91 under the Ministry of Industry. In October 1999, it was brought under the new Ministry of Heavy Industries and Public Enterprises.

2. ROLE AND FUNCTIONS

The Department of Heavy Industry has been assigned the work relating to 51 public enterprises. These include 48 operating enterprises, one non-operational enterprise and two holding companies viz., Bharat Bhari Udyog Nigam Ltd. (BBUNL) and Bharat Yantra Nigam Ltd. (BYNL). The holding companies were created with the objective of coordinating and deciding policies regarding financial, budgetary, production, marketing and commercial aspects, HRD and other policy matters of the subsidiary companies.

The department also handles matters pertaining to Maruti Udyog Ltd. which has become a non-government company, but in which government has a substantial stake.

Additionally, the Department of Heavy Industry has been allocated the following subjects:

(i) Manufacture of heavy engineering equipment for all industries

(ii) Heavy electrical engineering industries

(iii) Machinery industries including machines tools

(iv) Auto-industries including tractors and earthmoving equipment

(v) All types of diesel engines.

The list of 48 operating PSEs, categorized into nine activity groups is at Appendix I.

3. ORGANIZATION

The department exercises administrative control on the public sector enterprises referred to above. It is headed by a Secretary to the Government of India who is assisted by three Joint Secretaries. The department is also supported by the Economic Adviser and Additional Secretary and Financial Adviser.

The staffing pattern of the department is as follows:

	Sanctioned strength	Existing strength
Group A	22	32*
Group B	135	120
Group C	10	11
Group D	47	47
	214	**210**

* *10 Group B Officers holding posts in Group A on in situ basis.*

4. PUBLIC ENTERPRISES UNDER THE DEPARTMENT OF HEAVY INDUSTRY

The 48 public sector enterprises are engaged in manufacturing engineering/capital goods/inter-mediate and consumer goods/consultancy and contracting activities. The range of manufactured products covers machine tools, industrial machinery, boilers, gas/steam/hydro turbines, turbo generators, railway traction equipment, prime movers, electrical equipment, agricultural tractors and consumer goods such as scooters, leather goods and watches.

These 48 PSEs represent about a fifth of the total of 240 central PSEs, has a gross block of Rs.7,595 crore with an annual turnover of Rs.11,400 crore, providing employment to 1.77 lakh persons.

The budgetary allocation for the Department of Heavy Industry for 2000-2001 is Rs.461.43 crore. This consists of:

		Rs.Crore
i)	Investment in government enterprises	93.46
ii)	Loans to Govt. enterprises	260.44
iii)	Grants to PSEs for implementation of VRS	33.50
iv)	Secretariat-Economic Services	6.96
v)	Interest subsidy	51.27
vi)	Guarantee fee subsidy	3.76
vii)	Other expenditure	3.04
viii)	R&D automotive industries	9.00
		461.43

Almost the entire budgetary allocation of the Department of Heavy Industry, barring about Rs.20 crore, is utilised for meeting expenses towards rehabilitation and restructuring of loss-making PSEs and in VRS to their employees.

5. PERFORMANCE OF PSEs UNDER THE DEPARTMENT OF HEAVY INDUSTRY

The department is unfortunately burdened with a large complement of sick or near sick PSEs. Out of the 48 PSEs under the department, only 26 are new ventures set up by the government while the remaining 22 are sick private sector companies taken over by the Government largely in the interest of the employees. The list of the PSEs, classified as new and taken over, is given at Appendix II.

Notwithstanding considerable infusion of funds in the rehabilitation of these taken over undertakings, several continue to incur substantial losses. Thus out of 22 taken over enterprises, 14 incurred substantial losses while only 8 showed some marginal profits in 1998-99.

Not that all the 26 newly started enterprises are in good health. Only 8 of these made profits in 1998-99. With the exception of BHEL which made a profit of over Rs.900 crore, the rest showed only modest or marginal profits. Eighteen of the new enterprises showed losses in 1998-99. The major loss making companies were the Cement Corporation of India, Hindustan Cables, Rehabilitation Industries Corporation, Hindustan Photo films, Mining and Allied Machinery Corporation.

Of the total of 48 undertakings, only 16 made profits totaling to Rs.990 crore (BHEL contributing to almost 95% of this). On the other hand, 32 PSEs made losses adding unto Rs.1401 crore, All the PSEs together thus made a net loss of Rs.411 crore in 1998-99.

The cumulative financial performance of PSEs as at the end of 1998-99 is presented in Appendix III.

It will be noted that several enterprises like, Heavy Engineering Corporation, Hindustan Photo Films, Hindustan Paper Corporation, Nagaland Pulp & Paper Corporation, Hindustan Cables, Engineering Projects India Ltd., Mining & Allied Machinery Corporation, Cement Corporation, Bharat Opthalmic Glass, National Instruments, Rehabilitation Industries Corporation, Burn Standard, Jessop & Co., Braithwaite & Co., Bharat Process & Mechanical Engineers Ltd., Cycle Corporation of India, Prag Tools, National Bicycle Corporation of India, Mandya National Paper Mills, Nepa, Tannery & Footwear Corporation of India and Tyre Corporation of India have large accumulated losses.

Further, with the exception of Hindustan Paper Corporation, all of the above PSEs have a negative net worth. All of them have also posted large losses during 1998-99 with the exception of Hindustan Paper Corporation, Jessop and Braithwaite. In the last two, the modest profits shown by them had been made possible as a result of a restructuring programme under implementation.

On the basis of anticipated results for 1999-2000 and budgeted figures for 2000-2001, the same dismal picture is expected to continue.

The new PSEs set up by the government were governed by the policy objectives of the Industrial Policy Resolution of 1956 and not by profitability criterion. Thus, the concern for regional development and for self reliance through domestic production did result in setting up a number of industrial units in the public sector in what, in retrospect, will be considered as uneconomic locations; similarly unviable units with sub-optimal capacities without cost considerations were established in order to save on imports and to achieve self-sufficiency.

The pre-liberalisation economic policies of import restrictions, administered price mechanisms and purchase preferences provided the necessary cushion to these enterprises to operate in a protected environment.

Furthermore, in the drive towards rapid industrialization, government embarked on development of industries requiring highly sophisticated and closely held technologies, access to which was not easily available to it. In many cases, this resulted in public sector enterprises being set up based on technical know-how, which was often less than the best. The inability to upgrade these technologies has also been a severe handicap to these enterprises.

With the dismantling of the protective policy framework and the opening up of the economy to liberal imports, these initial inbuilt handicaps have exposed many PSEs to unequal competition. The private sector has now come up in a big way and is directly competing with the public sector. This applies to a variety of capital, intermediate and consumer goods produced in the public sector. Thus, the wisdom of continuance of many of these undertakings, particularly those that can't be restructured easily to function in a healthy and profitable manner, now stands seriously challenged.

In this dismal scenario, BHEL is one of the exceptions. Having branched out into new products and also inducted modern technologies it has been able to successfully withstand the onslaught of global competition.

6. FUTURE STRATEGY

With such a large number of loss making enterprises to cope with, Department of Heavy Industry has a very hard task ahead.

Consistent with the government policy, the approach should be to privatize all the PSEs which are non-core and also close down those which cannot be revived/ privatized. Given the large number of sick enterprises under the Department of Heavy Industry, it is not suggested that all of these should be closed down at one go. It may be necessary to phase these out over the next three or four years. But what is of crucial importance is to take firm decisions for the closure of identified sick units and to draw up a well conceived plan of action, with clearly set milestones for implementation.

7. ACTION TAKEN SO FAR

The Department of Heavy Industry has already taken several steps towards cleaning up the vast portfolio of PSEs of good as well as indifferent nature under its charge.

7.1 Conversion to Joint Ventures

A decision has been taken “in principle” to convert some of the PSEs into joint venture companies with offer of equity holding unto 74% to the joint venture partner. Government has also given separately its approval to outright sale in some cases. 24 PSEs have been identified for this purpose. A list of these PSEs is at Appendix IV. The progress achieved so far is

(1) The Belting Division of Andrew Yule has been made into a joint venture with Phoenix of Germany holding 74% of the equity.

(2) The Yeraguntlas plant of Cement Corporation of India has been sold to a private party.

(3) 74% of equity of Lagan Jute Machinery Co. was disinvested, and management was transferred to a private party.

(4) 13 PSEs have been referred to Department of Disinvestment. (Refer Appendix V).

(5) Government decided to wind up the Mandya National Paper Mills giving voluntary separation to its employees.

The progress has been slow. The list of 24 includes unsound and sick companies which understandably are not strong candidates to attract privatization.

Out of the list of 24 PSEs drawn up in 1997 for conversion to joint ventures 11 have been referred to the Department of Disinvestment for JV formation or disinvestment. The present position is that in several of these cases, consultants have been appointed; and in some even bids have been invited. The response has not been generally satisfactory. Attempts for JV formation in the case of HMT have not borne fruit. The process of invitation of bids, their evaluation, negotiation with potential strategic partners and the drawing up documents for sale is a fairly time consuming operation requiring consultation and approval at different levels of the government. The progress so far has been somewhat tardy. It will be necessary to examine the reasons for this and take sufficient corrective measures so that action can be completed in a time bound manner.

7.2 Reference to BIFR

Twenty seven PSEs were referred to BIFR. BIFR approved revival of 12 and the revival schemes are under implementation. It recommended winding up of 8. Recommendations of BIFR on 7 companies are still awaited.

7.2.1 Companies in which BIFR schemes are under implementation

The 12 companies which are implementing the revival schemes are:

1. Burn Standard Ltd.
2. Bharat Brakes and Valves Ltd.

3. RBL Ltd.
4. Jessop & Co. Ltd.
5. Braithwaite & Co. Ltd.
6. Bharat Pumps & Compressors Ltd.
7. Richardson & Credas Ltd.
8. Triveni Structurals Ltd.
9. Instrumentation Ltd., Kota.
10. National Instruments Ltd.
11. Scooter India Ltd.
12. Heavy Engineering Corporation Ltd.

The revival schemes of these 12 enterprises involve a commitment of government funds to the extent of Rs.3325 crore. Details are at Appendix VI.

Revival of sick enterprises is thus expensive. A large part of government commitment is in the form of write-off of government debts and conversion of government loans into equity. As these loans are in any case not likely to be recovered, these should be regarded as sunk cost and not a fresh charge on the government.

If, therefore, small infusion of fresh funds can make sick companies viable, it would be worthwhile to do so. Such funds required from government are Rs.637 crore and this is relatively a small cost if these 12 enterprises can be put on their feet.

More importantly, it will enable these enterprises to be converted into joint ventures; thereby relieving the government of its responsibility to pump in additional funds later; on the other hand they should hopefully give some returns as dividends to government.

That there are excellent possibilities of converting these enterprises into joint ventures is evident from the fact that six of them (namely, Bharat Brakes & Valves Ltd., RBL Ltd., and Scooters India Ltd.) have been referred to the Department of Disinvestment for JV formation/disinvestment.

It is, however, necessary that the restructuring schemes are kept under close watch and modified, if necessary, to achieve the end results. It appears that such modifications have already been found necessary in a few cases. If such scrutiny reveals that the possibilities for revival or for joint venture formation have receded, then it would be necessary to initiate action for closure without delay, so that infusion of further capital is avoided.

7.2.2 Companies recommended by BIFR for winding up/closure

The companies recommended by BIFR/Disinvestment Commission for winding up are the following:

1. Bharat Process and Mechanical Engineers Ltd. (BPMEL)
2. WeighBird (India) Limited (WIL)
3. Mining and Allied Machinery Corporation
4. National Bicycle Corporation of India Ltd.
5. Cycle Corporation of India Ltd.
6. Bharat Opthalmic Glass Ltd.
7. Tannery and Footwear Corporation Ltd.
8. Mandya National Paper Mills
9. Rehabilitation Industries Corporation

Of these 9 companies, a decision has so far been taken to close down one namely, Mandya National Paper Mills.

Cases that are referred to BIFR are scrutinized by it in consultation with all the interests concerned and various options for reviving are examined. It is only when all the options are closed that BIFR comes to the conclusion to recommend a winding up operation. An expert committee that went into the matter thereafter has also concluded that these units are unviable. As these PSEs have been subjected to detailed and extensive examination by an expert body, there should ordinarily be no delay in reaching an early decision. All the enterprises recommended by the BIFR for winding up have large accumulated losses and keeping these enterprises in existence will only add to the burden on the exchequer. It is therefore suggested that government take an early decision on them and the procedure for their closure be put into motion at the earliest.

The lengthy procedure and almost open-ended time frame for dealing with sick enterprises referred to BIFR, whose recommendations thereafter have to be processed through equally lengthy winding up procedures are inimical to finding expeditious solutions to ailing companies. An alternate approach would be to seek permission for closure of the undertakings which are found to be totally unviable, under the Industrial Disputes Act. The closure of an undertaking, even when the winding up operations are in progress, is feasible under the provision of the ID Act. In accordance with the notification issued in July 1998, permission for closure of such central public sector undertakings can be granted by the central Ministry of Labour and does not require the approval of the state government. The workers can be given the facility of the generous Voluntary Separation Scheme; those who do not avail of this facility are still entitled to compensation under the ID Act. In adopting this approach, the continuing expenditure on wages, salaries and overheads until the long drawn winding up operations are completed can be avoided. This was the procedure adopted in the case of Mandya National paper Mills and will merit consideration for adoption in other similar cases involving inevitable winding up of unviable companies. As a start, it can be adopted in all cases already identified for winding up by the BIFR/Disinvestment Commission.

7.2.3 Companies pending with BIFR

The following cases are pending with BIFR:

1. Nagaland Pulp and Paper Corporation Ltd.
2. Praga Tools Ltd.
3. Hindustan Photo Films Manufacturing Company Ltd.
4. Cement Corporation of India Ltd.
5. NEPA Ltd.
6. Tyre Corporation of India Limited and
7. Hindustan Salts Ltd.

In one other case of Triveni Structural Ltd., a review is being undertaken by BIFR.

A decision on these PSEs will have to wait until receipt of the recommendations of BIFR

Meanwhile, three of these PSEs, namely Praga Tools, NEPA Ltd., and Hindustan Salts Ltd., have been referred to the Department of Disinvestment for JV formation/disinvestment.

7.2.4 Other PSEs on which a view is still to be taken

Leaving aside those PSEs which have been examined/are under examination of BIFR, PSEs on which a decision have been taken in principle for disinvestments/JV formation, there are still a dozen companies, on the future of which a view is yet to be taken.

These are listed under F of Appendix VII setting out the present position of PSEs under the Department of Heavy Industry.

A view has to be taken as to whether any of them has to be retained in the public sector in the national interest.

For the rest, they should be subjected to a detailed study to ascertain their viability, where necessary through restructuring, to make them attractive for JV formation. Those which cannot be made profitable even after restructuring should be closed down.

8. TASKS AHEAD

The task ahead of Department of HI include the following:

(i) To proceed expeditiously with the conversion into joint ventures all undertakings already identified for this purpose.

(ii) Take steps expeditiously for closing down enterprises which have already been recommended by BIFR for winding up (and not wait for completion of long drawn winding up operations).

(iii) Undertake a study of all other enterprises, if necessary through consultants, to identify (a) those which can be made viable through restructuring and (b) those which are so chronically ill that there is no option but to close them down.

(iv) To take action expeditiously to close down those which are so identified as chronically sick or dispose of them through outright sale.

(v) Undertake restructuring of those undertakings which can be made viable easily and quickly. An important element in such a process would be shedding of all unviable items of activities in these undertakings.

(vi) All those undertakings which are neither considered crucial enough for continued retention in the public sector now are to be closed down or converted in to joint ventures or be privatized. In respect of those units which are already fit for privatization, action would need to be initiated straightway in consultation with the Department of Disinvestment.

9. FINANCING OF THE PROGRAMME

As already indicated, almost the entire budgetary allocation of the Department of Heavy Industry is presently utilized for meeting expenses towards rehabilitation and restructuring of loss making PSEs and in VRS to their employees.

Any major economy in expenditure under the Department of Heavy Industry can be achieved only by addressing the crucial issue of the disposal of the large number of PSEs under this department.

This will require privatization/conversion into joint ventures, and closure of those which are chronically ill and cannot be made into viable enterprises.

A programme on these lines will require a measure of funding for VRS (for companies undergoing restructuring) and VSS (for those enterprises which are to be closed down). Some funds may also be required for working capital and/or minimum of repairs and rehabilitation to get the ailing enterprises back into production.

Funding of PSEs for VRS/VSS and other purposes mentioned above should, as far as possible, be arranged from sources other than the budgetary resources of the government. Several of the ailing PSEs have valuable assets by way of extensive land in prime locations and a way needs to be found to utilize these physical assets, either through partial sale or through the SPV route, to generate the resources for this purpose. Once the enterprise attains viability through restructuring, the funds so raised could be repaid from the resources of the enterprises. A self-financing mechanism of this nature should considerably help to speed up the implementation of the programme of disinvestment/closure of the PSEs under the Department of Heavy Industry.

In this connection, a proposal currently under the consideration of the Ministry of Textiles for funding the VRS/VSS and for revival of potentially viable textile mills under the National Textile Corporation can be considered as a model, with appropriate modification, if necessary, for financing the VRS/VSS and revival of ailing enterprises under the Department of Heavy Industry. This envisages

- One time settlement (OTS) with secured and pressing creditors through bonds issued by NTC guaranteed by government.
- Offer of VSS to workers, VSS being funded from loans raised against unencumbered physical assets.
- Closure of the mill under ID Act after obtaining the requisite permission from Ministry of Labour, Government of India.
- Retrenchment compensation under ID Act to be paid to those workers who do not opt for VSS.
- Sale of assets of the mill thereafter by FIs/banks/OA (Operating agency).

An alternative method would be to raise loans with government guarantee for VRS/VSS/revival, to be later repaid from sale of assets/surplus assets. Government thus does not get involved with guaranteeing past loans, which in most cases, may be in the nature of NPAs of FIs/banks.

10. RIGHT SIZING OF THE DEPARTMENT

The agenda before the Department of HI is fairly heavy and will require considerable effort until the privatization programme is completed. It will therefore be somewhat unrealistic to expect any significant reduction at the middle and senior officer levels in the Department of HI in the immediate future. Any such downsizing can take place only after the process of privatization has substantially been gone through.

The department is almost exclusively concerned with policy formulation and issues related to implementation of the privatization/closure of the bulk of the PSEs. These are essentially officer oriented activities. There is little by way of routine functions requiring a large number of staff in Group C & D or even in Group B. Though the proportion of Group C and D employees to the total strength in this department is comparatively low compared to many other departments, the proportion, taking groups B, C and D together, is quite high. There is thus scope as well as need for introducing ‘delayering’, level jumping and desk officer oriented systems as recommended by the Fifth Pay Commission. Apart from leading to a substantial reduction in the total staff strength, this will also contribute to increased operational efficiency in the department.

Appendix-I

ACTIVITY WISE CATEGORY OF PUBLIC SECTOR ENTERPRISES

I. CAPITAL GOODS

1. Bharat Heavy Electricals Ltd.
2. HMT Ltd.
3. Heavy Engineering Corporation Ltd.
4. Mining & Allied Machinery Corporation Ltd.
5. Praga Tools Ltd.

II. INTERMEDIATE GOODS

1. Andrew Yule & Co. Ltd.
2. Instrumentation Ltd., Kota
3. HMT bearings Ltd.
4. Lagan Jute Machinery Corporation Ltd.
5. RBL Ltd.
6. National Instruments Ltd.
7. Rajasthan Electronics & Instrumentation Ltd.
8. Hindustan Cables Ltd.
9. Weighbird India Ltd.
10. Bharat Opthalmic Glass Ltd.

III. PROCESS PLANT

1. Bharat Heavy Plates & Vessels Ltd.
2. Bharat Pumps & compressors Ltd.
3. Bharat Process & Mechanical Engineers Ltd.

IV. STRUCTURAL

1. Richardson & Crudas Ltd.
2. Triveni Structurals Ltd.
3. Tungabhadra Steel Products Ltd.

V. RAILWAY ROLLING STOCK

1. Burn Standard Co. Ltd.
2. Bharat Brakes & Valves Ltd.

3. Braithwaite & Co. Ltd.
4. Bharat Wagons & Engineering Ltd.
5. Jessop & Co. Ltd.

VI. AUTOMOTIVE

1. Scooters India Ltd.

- HMT listed at category I manufactures tractors also

VII. CONSTRUCTION

1. Bridge & Roof Ltd.
2. Engineering Projects India Ltd.
3. Burn, Braithwaite, Jessop Construction Co. Ltd.

VIII. CONSUMER GOODS

1. Hindustan Paper Corporation Ltd.
2. Hindustan Newsprint Ltd.
3. Nagaland Pulp & Paper Corporation ltd.
4. Mandya National Paper Mills Ltd.
5. Hooghly Printing Ltd.
6. Nepa Ltd.
7. Cement Corporation of India Ltd.
8. Tyre Corporation of India Ltd.
9. Cycle Corporation of India Ltd.
10. National Bicycle Corporation of India Ltd.
11. Hindustan Photo Films Manufacturing Co. Ltd.
12. Hindustan Salts Ltd.
13. Sambhar Salts Ltd.
14. Tannery & Footwear Corporation Ltd.
15. Bharat Leather Corporation Ltd.
16. Rehabilitation Industries Corporation Ltd.

- Andrew Yule produces Packet Tea and
- HMT produces watches

IX. CONSULTANCY SERVICES

1. National Industrial Development Corporation Ltd.
2. HMT International Ltd.

Appendix-II

LIST OF PSEs NEWLY ESTABLISHED AS SUCH

S.No.	Enterprise	Sector & Product Profile
1	Bharat Heavy Electricals Ltd. (BHEL)	Power plants, defence, space, oil drilling, transportation, industry.
2	Bharat Pumps & Compressors (BPCL), Naini.	Petroleum & fertilizer equipment.
3	Bharat Heavy Plates & Vessels (BHPV), Vishakapatnam.	Pressure vessels, process plants.
4	Heavy Engineering Corporation (HEC), Ranchi.	Steel, mining, railway, engineering equipment.
5	HMT, Bangalore.	Machine tools, tractors, watches.
6	HMT International, Bangalore	Exports of machine tools, etc.
7	Hindustan Paper Corporation (HPCL), Kolkata.	Writing & printing paper, newsprint
8.	Hindustan Newsprint Ltd. (HNL), Kottayam.	Newsprint
9.	Nagaland Pulp and Paper Co. (NPPC)	Writing & printing paper.
10.	Hindustan Photo Films Mfg. Co. (HPF), Ootacamund.	Black & white films, X ray films.
11.	Hindustan Cables Ltd., Calcutta.	Telecommunication cables.
12.	Hindustan Salts (HSL), Jaipur.	Industrial & common salt.
13.	Sambhar Salts (SSL), Jaipur	Industrial & common salt.
14.	Engineering Projects (EPI), New Delhi.	Turnkey construction of industrial & infrastructure projects.
15.	National Industrial Dev. Corpn. (NIDC), New Delhi.	Consultancy in industrial planning, Project management.
16.	Instrumentation Kota Ltd. (ILK), Kota.	Industrial instrumentation & controls.
17.	Mining & allied Machinery Corporation (MAMC), Durgapur.	Equipment for coal mining, steel, Power & port sector.
18.	Scooters India (SIL), Lucknow.	Two wheelers & three wheelers.
19.	Cement Corporation of India (CCIL), New Delhi.	Portland cement.

20.	Bharat Opthalmic Glass (BOCL), West Bengal.	Crown glass, flint buttons optical blanks.
21.	National Instruments (NIL), Kolkata.	Theodolite, binoculars, survey & leveling instruments, night vision equipment.
22.	Tungabhadra Steel Products (TSP), Hospet.	Structurals, cranes, hydraulic gates, transmission towers penstocks, pressure vessels.
23.	Triveni Structurals (TSL), Naini.	Hydraulic gates, structurals, transmission, TV & microwave towers, ropeways.
24.	Rajasthan Electronics & Instrumentation (REIL), Jaipur.	Solar photo-electric, milk testers, energy meters, RAX/MAX cards etc.
25.	Bharat Leather Corporation (BLC), Agra.	Leather products.
26.	Rehabilitation Industries Corporation (RIC), Kolkata.	Small scale, consumer goods, shoes & textile sector.

LIST OF PSEs FORMED BY TAKE OVER OF PRIVATE UNITS

S.No.	**Enterprises**	**Sector Product Profile**
1.	Andrew Yule & Co., Kolkata.	Industrial fans, tea processing, pollution control equipment, transformers & switchgear, tea marketing.
2.	Hooghly Printing Co. Kolkata.	Printing.
3.	Burn Standard Co. Ltd. (BSCI), Kolkata.	Wagons, wagon components, refractories, offshore platforms, Ash handling systems.
4.	Bharat Brakes & Valves (BBCL), Kolkata.	Vacuum and air brakes, slack adjusters, exhausters, compressors, door operating systems, fuel and oil handling systems.

5.	RBL Ltd., Kolkata.	H.T. Oil & vacuum circuit breaker.
6.	Jessop & Co. (JSP), Kolkata.	DC & AC EMU coaches, wagons, road roller, paper & mining machinery, cranes.
7.	Braithwaite & CO. (BCL), Kolkata.	Wagons, oil tankers, grey iron castings, forging, jute machinery, structurals, cranes.
8.	Bharat Wagon & Engineering Co. (BWEL) Patna.	Wagons, sugar mill rollers, CI castings, bridge girders, oil tanks, railway & road bridge components.
9.	Bharat Process & Mechanical Engineers, (BPMEL), Kolkata.	Water treatment plant, oil & gas processing equipment, EOT cranes, fabrication.
10.	Weighbird India, Ltd. (WIL), Kolkata.	Weighing equipment, industrial coils, springs.
11.	Lagan Jute Machinery Corpn. Ltd. (LJMC), Kolkata.	Jute machinery & spares.
12.	Burn, Braithwaite & Jessop Co. Ltd. (BBJ), Kolkata.	Railway steel bridges, marine structures & ropeways.
13.	Richardson & Crudas Ltd. (R&C), Mumbai.	Railway points & crossings, sugar plants, tubulars, structurals, pressure vessel, heat exchanger, rail tankers, treatment plants, deep well hand pump, air conditioning.
14.	Bridge & Roof Co. Ltd. (B&R), Kolkata.	Civil & mechanical construction, turnkey projects, floating roof tanks, steel & concrete bridges, marine containers, pressure vessels, highway construction, cooling towers, Bailey bridges.
15.	Cycle Corporation of India (CCIL), Kolkata.	Bicycles and components
16.	National Cycle Corporation of India Ltd. (NBCIL), Mumbai.	Bicycles and components

17.	Praga Tools Ltd., Secunderabad.	Tool & cutter grinders, milling machines, thread rolling machine, lathe chucks, railway screw couplings, CNC machining centres, lathe, forging & castings.
18.	HMT Bearings Ltd., Hyderabad.	Ball, taper & roller bearings, cylindrical roller bearings.
		(RIC), Kolkata.
19.	Mandya National paper Mills (MNPM), Belagula.	Newsprint, bagasse based.
20.	Nepa Ltd., Nepanagar.	Newsprint, writing & printing paper.
21.	Tannery & Footwear Corpn. (TAFCO), Kanpur.	Shoes.
22.	Tyre Corporation of India Ltd. (TCIL), West Bengal.	Automotive tyres, tubes, flaps, cord repair, fabric, cycle & moped tyres, conveyor, fan & V belts, hoses.

Appendix-III

PERFORMANCE OF PUBLIC SECTOR ENTERPRISES 1998-99

(Rs. In crore)

Sl. No.	Enterprises	Performance in 98-99 Output	Performance in 98-99 Profit/ Loss	Cumulative Profit/ Loss	Net worth
1	2	3	4	5	6
1.	Bharat Heavy Electricals Ltd.	6795.00	933.00	2840.00	3083
2.	Bharat Pumps & Compressors Ltd.	45.74	-13.03	-83.04	-31.12
3.	Bharat Heavy Plates & Vessels Ltd.	209.58	1.12	13.97	43.27
4.	Heavy Engineering Corporation Ltd.	271.61	-50.63	-1095.35	-647.59
5.	HMT Ltd.	810.12	-36.57	-139.60	24.25
6.	HMT (International) Ltd.	39.49	0.47	0.28	20.75
7.	Hindustan Paper Corpn. Ltd.	347.01	9.32	-605.60	85.79
8.	Hindustan Newsprint Ltd.	238.86	24.62	124.80	207.26
9.	Nagaland Pulp & Paper Corp, Ltd.	0	-12.98	-159.34	-39.14
10.	Hindustan Photo Films Mfg. Co. Ltd.	48.65	-240.78	-868.30	-596.87
11.	Hindustan Cables Ltd.	217.43	-145.80	-470.76	-63.77
12.	Hindustan Salts Ltd.	4.59	-2.16	-7.09	-0.24
13.	Sambhar Salts Ltd.	6.53	-0.18	-1.07	1.29
14.	Engineering Projects India Ltd.	144.88	-34.19	-825.87	-757.36
15.	National Industrial Development Corporation Ltd.	2.80	-5.88	-11.60	-9.61
16.	Instrumentation Ltd.	126.88	-.13.35	-72.94	-7.14
17.	Mining & Allied Machinery Corp. Ltd.	8.03	-170.86	-897.72	-881.73
18.	Scooters India Ltd.	125.91	6.60	-6.79	31.59
19.	Cement Corporation of India Ltd.	209.70	-184.95	-974.77	-576.90
20.	Bharat Opthalmic Glass Ltd.	2.20	-24.58	-197.99	-193.12
21.	National Instruments Ltd.	2.51	-29.02	-215.93	-209.63
22.	Tungabhadra Steel Products Ltd.	25.39	0.06	0.11	9.66

1	2	3	4	5	6
23.	Triveni Structurals Ltd.	30.96	24.74	-93.85	-72.74
24.	Rajasthan electronics & Instrumentation Ltd.	19.86	0.11	3.04	4.29
25.	Bharat Leather Corporation Ltd.	4.99	-3.64	-21.72	-15.67
26.	Rehabilation Industries Corporation Ltd.	1.68	-125.89	-606.45	-606.45
27.	Andrew Yule & Co.	24.61	4.10	-7.76	-56.36
28.	Hooghly Printing Co.	2.28	0.02	-0.14	1.03
29.	Burn Standard Co. Ltd.	272.41	-26.95	-261.80	-160.97
30.	Bharat Brakes & Valves Ltd.	8.47	-3.28	-29.66	-22.04
31.	RBL Ltd.	4.19	-1.49	-13.34	-10.14
32.	Jessop & Co. Ltd.	68.08	0.70	-258.49	-170.74
33.	Braithwaite & Co. Ltd.	161.74	0.41	-104.85	-8.33
34.	Bharat Wagon & Engineering Ltd.	110.39	0.22	1.16	9.25
35.	Bharat Process & Mechanical Engineers Ltd.	0.07	-29.29	-180.44	-179.54
36.	Weighbird India Ltd.	0.36	-5.01	-42.60	-41.17
37.	Lagan Jute Machinery Co. Ltd.	5.92	-0.74	-0.97	4.14
38.	Braithwaite, Burn,Jessop Corporation Ltd.	22.37	-2.27	-13.21	-11.38
39.	Richardson & Crudas Ltd.	90.93	2.59	-48.75	6.09
40.	Bridge & Roof Co. Ltd.	337.07	3.89	18.63	31.11
41.	Cycle Corporation of India Ltd.	0.39	-56.45	-425.80	-413.61
42.	Praga Tools Ltd.	12.02	-28.84	-156.17	-140.21
43.	HMT (Bearings) Ltd.	42.91	2.73	3.40	13.07
44.	National Bicycle Corporation of India Ltd.	0.56	-19.75	-187.36	-179.27
45.	Mandya National Paper Mills Ltd.	0.56	-18.14	-254.75	-233.00
46.	Nepa Ltd.	98.65	-0.12	-114.14	-2.43
47.	Tannery & Footwear Corporation of India Ltd.	0.07	-27.99	-325.40	-313.30
48.	Tyre Corporation of India Ltd.	118.76	-61.27	-397.74	-313.96
	TOTAL	**11330.21**	**-411.32**	**-7178.34**	**-3278.01**

Appendix IV

List of 24 PSEs Proposed by Government in 1997 for Conversion into Joint Ventures

1. Andrew Yule & Co. Ltd.
2. Bharat Heavy Plates & Vessels Ltd.
3. Bharat Leather Corporation Ltd.*
4. Bharat Pumps & Compressors Ltd.*
5. Bridge & Roof Company India Ltd.
6. Hindustan Cables Ltd.*
7. Engineering Projects India Ltd.
8. HMT Ltd.
9. HMT Bearing Ltd.
10. Scooters India Ltd. *
11. Hindustan Photo Films Manufacturing Co. Ltd.
12. Cement Corporation of India Ltd.
13. Hindustan Salts Ltd.*
14. Instrumentation Ltd.*
15. Lagan Jute Manufacturing Co. Ltd.
16. Sambhar Salts Ltd.
17. Nepa Ltd.*
18. Tungabhadra Steel Products Ltd.*
19. Praga Tools Ltd.*
20. Hindustan Paper Corporation Ltd.
21. Mandya National Paper Mills Ltd.
22. National Industrial Development Corporation Ltd.*
23. Tyre Corporation of India Ltd.
24. RBL Ltd.*

Out of these 24 enterprises, 11 (marked with asterisk) have already been referred to the Department of Disinvestment (D.O.D.) for JV formation/Disinvestment.

In addition, the following two enterprises have also been similarly referred to D.O.D.

1. Jessop & Co. Ltd.
2. Bharat Brakes & Valves Ltd.

Thus there are altogether 13 PSEs under reference to D.O.D.

Appendix V

PSEs referred to Department of Disinvestment for JV formation/Disinvestment

1. Nepa Ltd. (NEPA)
2. RBL Ltd. (RBL)
3. Instrumentation Ltd. (ILK)
4. Bharat Brakes & Valves Ltd. (BBVL)
5. Bharat Leather Corporation Ltd. (BLC)
6. Scooters India Ltd. (SIL)
7. Bharat Pumps & Compressors Ltd. (BPCL)
8. Hindustan Salts Ltd. (HSL)
9. Tungabhadra Steel Products Ltd. (TSPL)
10. Jessop & Co. Ltd. (Jessop)
11. Hindustan Cables Ltd. (HCL)
12. National Industrial Development Corpn. Ltd. (NIDC)
13. Praga Tools Ltd. (PTL)

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Appendix VI

GOVERNMENT INPUTS IN PSEs UNDER REVIVAL PLANS SANCTIONED BY BIFR

(Rs.Cr.)

No.	PSU	Date of Sanction	Fresh infusion of funds Amount	Relea-	Write-off by Govt.	Conve-rsion: loan as equity	Govt. Guaran-tee	Total
1	2	3	4	5	6	7	8	9 (4+6+7+8)
1.	**Braithwaite & Co.**	Oct-96	26.68	26.68	84.85	59.61	35.00	206.14
2.	**Bharat Brake & Valves Ltd.**	Jan-96	6.27	6.27	16.29	4.05	2.70	29.31
3.	**Bharat Pumps & Compressors**	Sep-95	15.75	15.75	53.91	26.78	56.09	152.53
4.	**Triveni Structurals Ltd.**	Sep-95	29.22	29.22	30.48	9.78	48.26	117.74
5.	**Richardson & Cruddas Ltd.**	Nov-95	-	-	97.91	35.04	46.54	179.49
6.	**Heavy Engg. Corpn.**	Aug-96	252.00	190.65	272.10	99.41	253.00	876.51
7.	**Scooters India Ltd.**	Set-96	22.45	17.13	593.59	27.22	18.54	661.80
8.	**Rerolle Burn Ltd.**	Sep-96	4.13	3.95	0.21	2.15	4.43	10.92
9.	**Jessop & Co.**	Sep-97	43.00	43.00	119.98	21.11	70.68	254.77
10.	**Instrumentation Ltd., Kota.**	Mar-99	66.00	62.00	17.00	25.98	25.00	133.98
11.	**Burn Standard Co. Ltd.**	Apr-99	150.00	134.49	329.64	135.72	65.00	680.36
12.	**National Instruments Ltd.**	Nov-99	21.00	17.96	-	-	-	21.00
	TOTAL		**636.50**	**547.10**	**1615.96**	**446.85**	**625.24**	**3324.55**

Appendix VII

Statement indicating the present position of

PSEs under Department of Heavy Industry

A. PSEs recommended/decided for closure

1. Mandy National Paper Mills Ltd.
2. Bharat Process and Mechanical Engineers Ltd.
3. Weighbird (India) Ltd.
4. Mining & Allied Machinery Corporation Ltd.
5. National Bicycle Corporation of India Ltd.
6. Tannery & Footwear Corporation of India Ltd.
7. Rehabilitation Industries Corporation
8. Cycle Corporation of India Ltd.
9. Bharat Opthalmic Glass Ltd.

B. PSEs referred to Department of Disinvestment for J.V. formation/disinvestment

*1. Nepa Ltd.
2. RBL Ltd.
3. Instrumentation Ltd.
4. Bharat Brakes & Valves Ltd.
5. Bharat Leather Corporation Ltd.
6. Scooters India Ltd.
7. Bharat Pumps & Compressors Ltd.
*8. Hindustan Salts Ltd.
9. Tungabhadra Steel Products Ltd.
10. Jessop & Co. Ltd.
11. Hindustan Cables Ltd.
12. National Industrial Development Corporation.
*13. Praga Tools Ltd.

C. PSE which has already been converted into a J.V. Lagan Jute Machinery Co.

D. PSEs in regard to which decisions of BIFR are awaited (excluding those already referred to Department of Disinvestment)

1. Triveni Structurals Ltd.
2. Tyre Corporation of India Ltd.
3. Nagaland Pulp and Paper Corporation Ltd.
4. Cement Corporation of India Ltd.

E. PSEs which are agreed in principle to be converted into JVs (excluding those already referred to Department of Disinvestment)

1. Andrew Yule & Co. Ltd.
2. Bharat heavy Plates & Vessels Ltd.
3. Bridge & Roof Company (India) Ltd.
4. Engineering Projects India Ltd.
5. HMT Ltd.
6. HMT Bearings Ltd.
7. Hindustan Photo Films Manufacturing Co. Ltd.
8. Sambhar Salts Ltd.
9. Hindustan Paper Corporation Ltd.

(In addition, Cement Corporation of India Ltd. and Tyre Corporation of India on which recommendations of BIFR are awaited, Mandya National Paper Mills, which it has been decided to close down and Lagan Jute Manufacturing Co. Ltd. which has already been converted into a JV were also included in this list).

F. PSEs in regard to which a decision on JV formation/disinvestment is yet to be taken.

1. Bharat Heavy Electricals Ltd.
2. Heavy Engineering Corporation
3. HMT International
4. Hindustan Newsprint
5. Rajasthan Electronics & Instrumentation Ltd.
6. Hooghly Printing Co., Kolkata.
7. Burn Standard Co. Ltd., Kolkata.
8. Braithwaite & Co.
9. Bharat Wagon & Engineering Co.
10. Braithwaite, Burn & Jessop Corporation Ltd.
11. Richardson & Cruddas Ltd.
12. National Instruments Ltd.

* *These have also been referred to BIFR whose recommendations are awaited.*