

PSUs must reinve

Public enterprises can play a key role in establishing



(Left to right) Ramvilas Paswan, Kalraj Mishra, Vinay Sahasrabudde and Ashishkumar Chauhan, MD & CEO, BSE Ltd, at the Governance Now PSU Awards, 2014 in New Delhi on November 7

Kalraj Mishra, minister for micro, small and medium enterprises

The public sector undertakings (PSUs) have played an important role in the country's economy. One major reason behind setting up PSUs was to reach out to areas, where government may not be able to make a direct intervention, and through the medium of public enterprise, the growth and development of respective localities could be fostered.

Although we find many PSUs inactive and running into huge losses, there are still a few which are making great strides and contributing to the economy. PSUs are working even in (Maoist/separatist-affected) troubled areas. Despite numerous difficulties and challenges,



they have continued their business and operations in these regions.

PSUs have a great role to play in prime minister Narendra Modi's Make in India campaign. The campaign could only be successful if there is good coordination among all departments. The

products made in India should match international standards. So that people abroad don't have a problem accepting it. In products manufactured by either small and medium enterprise or large enterprise, there shouldn't be any difference in terms of standards and quality benchmarks. Quality manufacturing and better management will help establish credibility for 'made in India' products. Here the PSUs have a great role to play.

In MSME, we have national small industries corporation (NSIC). It was posting losses. Because of greater emphasis on better administration and financial management the NSIC is now making profit. Thinking on the same lines, we can become a manufacturing hub for the world, thereby making India an economic super power.

nt to stay relevant

‘make in India’ as a global brand

Ramvilas Paswan, minister for consumer affairs, food and public distribution



person’s telephone was never out of order. Now the same company is operating alongside private players, playing by new rules and giving good service. So, why can’t PSUs perform and change this perception?”

The work culture at PSUs has to

There is no dearth of either talent or money for PSUs. But, unfortunately, the perception about them has not been good, even as with liberalisation, competition has increased.

Take, for example, the case of India’s national carrier Air India. The airline had a monopoly at one point of time. But today so many airlines are performing well under stiff competition. People today prefer a private airline that, according to them, serves good food, or because they believe the government airline might not take off at the right time. This perception needs to change.

Similarly, we have seen great changes in the telecom sector. First, it was only the BSNL and its service was poor. It took months for a commoner’s problem to be resolved, but an influential

match with that of the private sector.

We spend huge money on projects but do not get the desired result because our motivations do not match up to those working in the private sector. The political executive even if it has a good intention, cannot bring a revolution without the equal support of bureaucracy and PSU managers. Indian PSUs stood firm even when the economies all over the world were facing acute pressures.

But still, look at the way China is doing it. It even produces crackers and diyas for Diwali, when they themselves do not celebrate it.

PSUs can play a great role in prime minister Narendra Modi’s Make in India campaign. They should actively participate in CSR activities and adopt villages.

Vinay Sahasrabuddhe, national vice-president, BJP



managements.

The PSUs can go the extra mile where the government and NGOs have not gone, and can ensure that welfare schemes reach the people. There is a need for evolving new CSR cul-

It is a great realisation to know that so many Maharatnas and Navratnas are performing so well and setting up new examples before the people at large and showing how public sector companies can make a deep impact. It is reassuring to see their performance when the sector is still facing a crisis of perception.

I represent a political party and I realise that what is common between a political party and a public sector organisation is the crisis of perception. Both are considered worthless and people talk all kind of negative things about them.

The crisis of ownership is very overwhelming and one that has impacted the culture in public sector organisations and their

ture that will add value to the thought of corporate social responsibility.

When I hear about the performance of Steel Authority of India or Hindustan Aeronautics Limited (HAL) and other such companies, I really wonder why these organisations, and the knowledge they have acquired over the years, could not be really made public and made available for the people at large. If the achievements of PSUs are well documented, it will tackle the motivational issues.

Our PM was very right when he talked about setting up a railway university. If the railway can take care of its human resource needs by setting up a railway university why can’t the steel authority of India or HAL do the same?

How we selected PSU outperformers

They were the most difficult 45 days – starting from the day we announced the nomination till the final meeting of the Grand Jury – the Governance Now PSU Awards 2014 had all the elements of disagreements, arguments, follow-ups, and burning of the proverbial midnight oil by the editorial and the research team. The end result: of the 40 slated awards, the Jury led by former competition commission member Anurag Goel decided to have only 31 awards since it felt that in some of the categories, including that for green initiatives, the public sector enterprises had not done enough to get an award.

The second edition of the Governance Now PSU Awards also saw some major changes in the process as well as in the terms of the category of awards. This was based on the feedback by the PSUs last year and based on the suggestions made by the department of public enterprises and the Jury itself. Unlike in 2013, when we had used the annual reports filed by the PSUs and secondary research to select the top five PSUs that were presented before the Jury, this year we decided to seek nominations.

This was, however, done primarily to capture

information and data for the five new categories of awards introduced in 2014. These included awards for information-technology adoption or eGovernance in PSUs, green initiative, CSR initiative, innovation and training. This was besides the five awards that Governance Now had instituted in 2013 for strategic performance, human resource utilisation, strategic turnaround, capital asset utilisation, overall growth and competitiveness.

The PSU factsheet

From a time during the first five-year plan, when only five public sector enterprises existed with a total investment of ₹29 crore, the country had – as of March 31, 2013 – 277 CPSEs with a cumulative investment base of ₹8,50,599 crore. For those with an eye for stats, the total income of all CPSEs during 2012-13 stood at ₹19,31,150 crore, compared to ₹18,04,615 crore in 2011-12, an increase of 7.01 percent. The reasons for the same included better performance and increase in the number of operating PSUs from 225 in 2011-12 to 229 in 2012-13.

Overall net profit of all 229 CPSEs during 2012-13 stood at ₹1,15,300 crore, compared to ₹98,245 crore during

The Jury



Chairperson: Anurag Goel, Former Member, CCI



Harbhajan Singh, DG, National Productivity Council



Askok Pavadia, Joint Secretary, Department of Public Enterprise



M Narendra, Former CMD, Indian Overseas Bank



Bela Banerjee Retd. Member Technical, Railway Claims Tribunal



Dr Srikanta K Panigrahi, Member, PM's National Strategic Knowledge Mission on Climate Change



Ashishkumar Chauhan, MD & CEO, BSE Limited



Prakash Kumar, CEO, Goods and Services Tax Network



Prasanto K Roy, Adviser, CyberMedia



Ajay Singh, Editor, Governance Now



2011-12, reflecting an increase of 17.36 percent. This was primarily due to strong increase in net profit of profit-making CPSEs from ₹1,25,929 crore in 2011-12 to 1,43,559 crore during 2012-13. However, there were some shades of red as well. Among the loss-making CPSEs, the overall loss increased to ₹28,260 crore in 2012-13, from ₹27,683 crore in 2011-12.

To put the number in perspective, the total investment in PSUs today is half that of India's annual budget in 2013-14. This is where we think it is imperative that if India's economy is to do well, its PSUs will have to do well. This does not mean disinvestment has to stop. It only means the management has to make the loss-making PSUs more productive so that they can compete with the private sector in those areas. We feel evaluation analysis and culmination into celebration of PSUs can boost their confidence as well as enable them to perform even better in the years ahead.

The awards methodology

The genesis of the PSU Awards lies in them being truly the backbone of the Indian economy. In recent years there have been talks of disinvestment. Yet, several sectors are still very strategic from India's point of view; this is where the PSUs come in. The Governance Now awards are merely an attempt to recognise the excellence of these companies and motivate them to be more competitive in their respective sectors.

Like in the first edition of the award, the Governance Now PSU Awards evaluation process was driven by the Institute of Competitiveness. However, the methodology, this time, was changed to a three-step process, including nomination, research-based evaluation and jury. The research team used the data – from the nomination, annual reports of the PSUs and those shared by the department of public enterprise – to create a list of top five companies in each category. Further, information, including that relating to compliance, legal matters and projects was compiled by the research team. It was then presented to the nine-member jury (see list) that sat over two meetings to select one winner from each category.

The jury, however, decided not to give any award for the green initiative, as it found that not enough work had been done by any PSU to qualify for the same. The jury also observed that PSUs needed to move beyond planting of trees as a green effort or a CSR initiative; they needed to create a format for reporting savings from green initiatives, including carbon credits earned. The jury also decided not to give any award to the Miniratna Class 2 companies in IT adoption, CSR, innovation and HR practices (training), as well as for Miniratna Class 1 companies for innovation.

The Evaluation-Based Assessment had components of data collection, compilation and categorisation from published resources and data banks that resulted in an analysis report being presented to the jury. The data used for the assessment was collected from CMIE prowess database, which is the largest corporate database of companies in India. The data for 'other CPSEs' category was not validated and thus they were not assessed. ■

Winners all!

STRATEGIC PERFORMANCE

Maharatna: Oil & Natural Gas Corporation

Navratna: National Mineral Development Corporation

Miniratna Class I: National Hydroelectric Power Corporation

Miniratna Class II: FCI Aravali Gypsum & Minerals India

HUMAN RESOURCE UTILISATION

Maharatna: NTPC

Navratna: National Mineral Development Corporation

Miniratna Class I: Numaligarh Refinery

Miniratna Class II: FCI Aravali Gypsum & Minerals India

ASSET UTILISATION

Maharatna: Bharat Heavy Electricals

Navratna: National Mineral Development Corporation

Miniratna Class I: Numaligarh Refinery

Miniratna Class II: Rajasthan Electronics & Instruments

GROWTH & COMPETITIVENESS

Maharatna: Indian Oil Corporation

Navratna: Power Finance Corporation

Miniratna Class I: Mangalore Refinery & Petrochemicals

Miniratna Class II: National Small Industries Corporation

STRATEGIC TURNAROUND

Maharatna: Bharat Heavy Electricals

Navratna: Oil India

Miniratna Class I: Garden Reach Shipbuilders & Engineers

Miniratna Class II: Mineral Exploration Corporation

IT ADOPTION

Maharatna: SAIL

Navratna: Hindustan Aeronautics

Miniratna Class I: Railtel Corporation of India

CSR INITIATIVE

Maharatna: Coal India Limited

Navratna: National Aluminum Company

Miniratna Class I: Rashtriya Chemicals & Fertilizers

INNOVATION

Maharatna: Oil & Natural Gas Corporation

Navratna: Hindustan Aeronautics (HAL)

HR PRACTICES (TRAINING)

Maharatna: SAIL

Navratna: Neyveli Lignite Corporation

Miniratna Class I: Railtel Corporation of India