

News Archive NATION December 28, 2015

The new ratnas of change and growth

The India Today PSU awards recognise the contribution of public enterprises in steering economic growth and fulfilling social commitments of the government.



Kaushik Deka

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In 2012, KPMG, a leading financial services and business advisory consultant, listed out several constraints of public sector undertakings (PSU) in India. The study mentioned: "Of late, a number of alleged fraud charges and increased public awareness has resulted in an increased scrutiny of the decisions taken by the central PSUs. It hinders the quick decision-making process." Three years later, the Union government seems to have taken note of this sentiment of the PSU brass. Speaking at the second India Today Group PSU awards ceremony on December 14 in Delhi, Union Minister of State with Independent Charge for Coal and New & Renewable Energy **Piyush Goyal** said that the NDA government wanted to unshackle PSU executives to enable them to take bold and quick decisions. "The law ministry has recommended that an amendment is brought to the Prevention of Corruption Act, 1988 to ensure that mala fide intention is proved before an executive is prosecuted for any of his or her decision," said Goyal.

Perhaps this approach to empower PSU executives towards achieving the larger goal of nation-building is already beginning to yield results. Goyal had numbers to showcase as Coal India produced 32 million tonnes of coal in 2014, more than what it had produced in four years between 2010 and 2014.

He did not miss the opportunity to take a dig at the media when he said: "Last year, newspaper headlines screamed about a coal crisis in the country, even predicting shut down of power plants. And now, see the turnaround."

His colleague and Union Cabinet Minister for Communications and Information Technology **Ravi Shankar Prasad**, who was the chief guest at the event, came up with his own success story of turning around BSNL from one of the biggest loss-making behemoths last year to earning a working profit of Rs 672 crore this year. It had posted an operating loss of Rs 691 crore last year. "When the first NDA government left office in 2004, BSNL made a profit of Rs 10,000 crore. When the UPA lost power in 2014, BSNL suffered a loss of Rs 8,000 crore. All I told the top executives was that they have to do it because they could," said Prasad.

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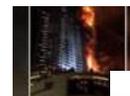
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the profit posted by **Mukesh Ambani**-run Reliance Industries.

THE BEST IN BUSINESS Gold standards set by public-sector enterprises	MAHARATNA	NAVRATNA	MINIRATNA	OTHER PSUs
	PSUs with an average annual net profit of over Rs 2,500 crore for three years or average annual net worth of Rs 10,000 crore for three years or average annual turnover of Rs 20,000 crore for three years.	PSUs with a score of 60 (out of 100), based on six parameters such as net profit, net worth and total manpower cost. It must first be a Miniratna and have four independent directors before it can be made a Navratna.	PSUs which have made profits continuously for the last three years or earned a net profit of Rs 30 crore or more in one of the three years. It should have a positive net worth for last three years.	PSUs which are not included in any of the previous three categories.
CATEGORIES				
BEST PERFORMING	Indian Oil Corporation Ltd.	Power Grid Corporation of India Ltd.	RITES Ltd.	Power System Operation Corporation Ltd.
MOST VALUABLE	Oil & Natural Gas Corporation Ltd.	Power Grid Corporation of India Ltd.	National Hydroelectric Power Corporation Ltd.	Balmer Lawrie Investments Ltd.
FASTEST GROWING	Coal India Ltd.	Rural Electrification Corporation Ltd.	Kamarajar Port Ltd.	REC Transmission Projects Company Ltd.
HR EXCELLENCE	Steel Authority of India Ltd.	Bharat Petroleum Corporation Ltd.	Indian Renewable Energy Development Agency Ltd.	National Handloom Development Corporation Ltd.
BEST R&D INNOVATION	Bharat Heavy Electricals Ltd.	Bharat Electronics Ltd.	Rajasthan Electronics & Instruments Ltd.	Power System Operation Corporation Ltd.
BEST CSR & SUSTAINABILITY	Indian Oil Corporation Ltd.	Oil India Ltd.	Cochin Shipyard Ltd.	Uranium Corporation of India Ltd.
JUST BENDLY	Oil & Natural Gas Corporation Ltd.	Bharat Electronics Ltd.	NHPC Ltd.	Uranium Corporation of India Ltd.
BEST IN GLOBAL PRESENCE	Indian Oil Corporation Ltd.	Bharat Electronics Ltd.	RITES Ltd.	India Infrastructure Finance Company Ltd.



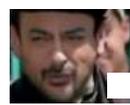
has done it, says CM Arvind Kejriwal



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Starting with five central PSUs post Independence with a cumulative investment of Rs 29 crore, the number, today, has grown to more than 250 and the financial investments stand at Rs 9,92,971 crore as on March 31, 2014. Among them, 163 made a combined net profit of Rs 1,49,164 crore. In the first five-year plan, PSUs were envisioned as pillars of infrastructure building. This was the reason why most of them operated in basic industries such as railways, posts and telegraphs, among others. The scenario has now changed with PSUs operating in diverse sectors such as steel, engineering, heavy machinery, petrochemicals, textiles, manufacturing and pharmaceuticals.

MAHARATNA

BEST PERFORMING



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Rank	Company Name	Performance on HR	Performance on CSR	Performance on Eco-friendliness	Performance on R&D	Performance on Global Presence	Performance on MoU	Total Score
		50*	50	50	50	50	750	1000
1	IOCL**	34.9	37.9	27.8	37.6	38.9	716.1	893.1
2	ONGC	30.3	35.9	43	33.5	37.4	691.7	871.8
3	SAIL	25.7	25.7	40.4	22.8	20.8	691.1	856.4



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liberalisation in 1991, the government opened sectors reserved for PSUs to the private sector, leading to increased competition from domestic private companies and big multinational firms. So while several PSUs are posting profits, the NDA government also has a list of 65 loss-making state-run companies, including Air India and MTNL. Many are grappling with structural and functional constraints as the KPMG report pointed out. The lack of a robust appraisal system is reflected in an acute shortage of manpower, with many PSUs functioning without a full-time head. Political interference and a missing corporate governance structure have hurt their autonomy and transparency. A study conducted by the Stakeholders Empowerment Services (SES) among the top 27 listed PSUs this year found that 25 of them do not meet the criteria for independence of the board, while more than 80 per cent do not have a compliant audit committee and a nomination and remuneration committee.

NAVRATNA

BEST PERFORMING



Rank	Company Name	Performance on HR	Performance on CSR	Performance on Eco-friendliness	Performance on R&D	Performance on Global Presence	Performance on MoU	Total Score
		50*	50	50	50	50	750	1000
1	PGIL	33.4	27.6	34.1	22.6	19.3	743.8	880.8
2	CONCOR	25.6	32.3	0	9.4	0	720.6	788
3	PFC	30.7	22.6	0	0	0	716.5	769.7
4	BEL	33.2	27.3	40.8	34.7	19.4	613.5	768.8
5	BPCL	35.3	0	0	0	0	731.6	766.9

MOST VALUABLE



Rank	Company Name	Market Capitalisation	Net Worth (2012-13)	Total Score
		600	400	1000
1	PGIL	548.9	366	914.9
2	NMDC	536.2	340.4	876.6
3	PFC	472.3	348.9	821.3
4	BPCL	485.1	306.4	791.5
5	BEL	510.6	255.3	766

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Prime Minister Narendra Modi, taking a cue from the first NDA government which initiated the disinvestment process to revive and restructure non-performing PSUs, has often said that the government has no business being in business. Countering questions from india today journalists, Goyal said that the current NDA government has resisted entering into any new business. The current government, it is learnt, is putting final touches to a policy framework to sell or revive loss-making PSUs across sectors. This includes formation of a disinvestment commission, to be tasked with deciding whether a company can be revived with additional capital funding, whether its financial health could be improved by giving away a part of the stake and control to private investors, or whether it needs to be divested forthwith.

Finance Minister [Arun Jaitley](#) has already indicated that the government may not be able to meet its ambitious target to raise Rs 69,500 crore through stake sales in public sector firms i GO TO HOME PAGE n the backdrop of a tepid local stock market and a worsening global



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Name	on HR	on CSR	eco-friendliness	on R&D	Presence	on MoU	Score
	50*	50	50	50	50	750	1000
1 RITES	31.5	34.4	29.9	26.5	37.1	711.7	871
2 REIL	33.1	33.2	24.6	37.6	18.3	709.7	856.5
3 NRL	30.5	31.1	29.8	25.7	18.7	707.3	843.1
4 RVNL	18.4	34.8	0	16.2	0	737.4	806.9
5 HUDCO	31.3	20.5	8.5	23.9	0	705.4	789.6

MOST VALUABLE



Rank	Company Name	Market Capitalisation	Net Worth (2012-13)	Total Score
		600	400	1000
1	NHPC	408.5	323.4	731.9
2	SJVN	344.7	263.8	608.5
3	MRPL	357.4	238.3	595.7
4	MOIL Ltd.	280.9	229.8	510.6
5	HCL	319.1	178.7	497.9

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While non-performing PSUs have often raised the clamour for the government's exit from business, the significance of PSUs in the growth of the economy has only grown in recent years. With a sharp decline in private-sector investments over the past few years, cash-rich PSUs, sitting on an estimated cash reserve of Rs 2 lakh crore, can step up capital investments. A recent study by the Reserve Bank of India states that capital expenditure in the private sector shrunk by 27 per cent in 2014-15-a fourth straight year of decline. Not surprisingly, Jaitley and Chief Economic Advisor Arvind Subramanian have acknowledged the fact that public spending will have to do the heavy-lifting to revive the economy.

relevance of PSUs is not restricted to taking the economy northwards. In a welfare friendly economy, PSUs are at the forefront of fulfilling the government's social obligation. Goyal is a good example of Energy Efficiency Services Limited (EESL), a venture between PSUs under the power ministry, which has reduced the market price of LED bulbs by 76 per cent. "EESL is not making losses but its bigger goal is social welfare. We can meet social objectives by empowering PSUs," Goyal said.

And that's what the government must focus on-making PSUs more efficient, productive and self-sustainable-to ensure greater social welfare.

Methodology

The India Today Group's study on the Best Public Sector Undertakings (PSU) was conducted by Marketing and Development Research Associates (MDRA), a premier research group. PSU banks and state public sector enterprises were not considered in this survey. Eight award categories (see results) were established considering various dimensions of strategy, performance and competitiveness. The awards in eight categories were further distributed in four segments- Maharatna, Navratna, Miniratna (category I & II) and Other PSUs.

OTHER PSUs

BEST PERFORMING

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MOST VALUABLE



Rank	Company Name	Market Capitalisation	Net Worth (2012-13)	Total Score
		600	400	1000
1	BLI Ltd.	102.1	68.1	170.2
2	BIBCOL	76.6	59.6	136.2
3	MFL	51.1	42.6	93.6

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At the first stage, parameters to evaluate PSUs on different aspects of performance were finalised. Then these parameters and sub-parameters were given different weights. Based on that, questionnaires were prepared and sent to the PSUs. Out of 160 eligible central PSUs, 39 submitted their participation forms within the stipulated deadline and were evaluated. All the data received was backchecked for accuracy of information. In case of incorrect or insufficient data, the PSUs were requested to re-submit the information. In addition to five award-categories based on objective participation form, two categories-fastest growing and most valuable-were based on open-source data. One category-best performing-was based on objective and open-source data to make it more inclusive. Based on the evaluation criteria and respective weights, scores were given to each parameter. The PSU with the highest score in respective category was declared a winner.

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