

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

RAJYA SABHA
UNSTARRED QUESTION NO.2768
TO BE ANSWERED ON 13.08.2015

Extension of Chairman of BHEL

2768. SHRI RAJ BABBAR:

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

- (a) whether it is a fact that previous Government had given extension to the Chairman and Managing Director of Bharat Heavy Electricals Ltd. (BHEL) with a goal to improve the financial performance of the undertaking;
- (b) whether it is also a fact that the financial performance of BHEL during the last three year quarter is far from satisfactory; and
- (c) if so, action taken by Government against the erring officials for abysmally poor performance of BHEL?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI G.M. SIDDESHWARA)

(a): Sir, the Chairman and Managing Director (CMD) of Bharat Heavy Electricals Limited (BHEL) was granted an extension for a period of 2 years beyond the date of his superannuation on 31.12.2013, as a special case, with the approval of the Competent Authority, keeping in view the difficult situation confronting the power sector as a whole and BHEL in particular at that time in the face of adverse economic situation, resulting in inadequate order booking; need to undertake accelerated diversification strategy in both core and non-core business, which entailed the need for continuity in top leadership at a crucial juncture.

(b) & (c): Financial performance of BHEL has come down since 2013-14, in view of the adverse business conditions on account of various external factors beyond the control of the Company, such as :

- contraction in new addressable opportunities/ orders maturing in the domestic power sector market due to issues/ bottle-necks related to non-availability/ acquisition/ lack of enabling requirements such as land, coal/fuel linkages, environmental clearances etc. ;
- orders getting deferred or being put on hold due to customer issues ;
- weak investment sentiments and financing constraints from the lending institutions ;
- customers constraints in releasing payments curtailing progress of some of the power projects ;
- lack of level playing field including infrastructure bottlenecks suffered by the domestic industry vis-à-vis foreign suppliers/ manufacturers ;
- global slowdown, political turmoil, armed conflict in countries like Syria & Yemen, resulting in lower demand for exports etc.

In order to overcome the situation of present shrinking market, BHEL crafted following major strategies:

- Expanding the offerings and provide total EPC solutions to customers
- Offer Fuel flexible Boilers capable of firing both imported & indigenous coals (in wide range of combinations)
- Leveraging enhanced manufacturing prowess (20,000 MW of power equipment p.a.) to shorten deliveries
- Work on Techno-commercial optimization
- Intensify Diversification in areas like Defence, Transportation, Transmission and Renewable Energy segments

Despite the unfavourable externalities, BHEL, by expanding its offerings, secured 89% of its total orders in Power Sector on EPC basis during 2014-15 and also maintained 72% market share for two consecutive years.
