

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

LOK SABHA
UNSTARRED QUESTION NO. 4590
TO BE ANSWERED ON 21.04.2015

Financial Crisis in BHEL

4590. DR. SUBHASH BHAMRE:

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

- (a) whether Bharat Heavy Electricals Limited (BHEL) is facing an alarming situation in the absence of placement of new orders from the much delayed power projects;
- (b) if so, the details thereof;
- (c) whether even the existing projects are going slow or being put on hold due to financial woes; and
- (d) if so, the details thereof and the steps taken by the Government in this regard?

ANSWER

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

(a) & (b): The domestic manufacturing industry related to power / electrical equipment / capital goods, of which Bharat Heavy Electricals Limited (BHEL) is a part, has been going through a difficult period since 2011-12 because of slowdown in the Indian power sector as well as subdued industrial activity. This is on account of a combination of factors, which inter-alia include:

- a sharp contraction in new 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 ;
- weak investment sentiments and financing constraints from the lending institutions ;
- customers constraints in releasing payments curtailing progress of some of the power projects ;
- a surge in imports of electrical equipment in recent years, mainly from China, resulting in loss of business to the domestic power equipment manufacturers ;
- 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.

The above factors have adversely affected the order booking position as also lower capacity utilisation of the domestic manufacturers of power equipment, including BHEL which is a major domestic market player in the field.

(c): Some of the existing power projects are going slow or are being put on hold due to customer's constraints in releasing payments for deliveries and other constraints faced by them thereby curtailing progress of their projects.

(d): Currently (i.e. in mid-April 2015), the progress of works in around 12,000 MW of domestic utility power projects where BHEL is engaged as a supplier / contractor is affected primarily due to financial constraints of the customer(s) / project developer(s).

Department of Heavy Industry and Ministry of Power undertake review meetings with BHEL on regular basis and through suitable interventions provide required support in taking up the issues with other Government Agencies / Departments / Ministries / customers etc.
