

NEWS ON PUBLIC SECTOR, GOVERNANCE, BUREAUCRACY AND DEFENCE

PSU WATCH

www.psuwatch.com

Annual edition 2022 Vol II, Issue IV ₹350

INDIA.
OF
2047

READYING
INDIA FOR
AMRIT KAAL

BUILDING A
\$10-TRILLION ECONOMY

2047: ROADMAP FOR
INDIA'S PSUs

INDIA'S ENERGY ACCESS
CHALLENGE

INDIA'S MISSING MILITARY
INDUSTRIAL COMPLEX

India's PSEs:

WHERE DO WE GO FROM HERE?

PSEs can steer India
towards *Aatmanirbharta*
and pave the way for the
future, a future that India
envisages and deserves



Atul Sobti

India stands at a unique vantage point from where it is poised to become the *Vishwaguru*. It has not only the advantage of the demographic dividend but the overall economic environment, which is right for supporting its transformation to a self-reliant (Aatmanirbhar) economy.

To achieve the same, all stakeholders, including industry, academia, and society at large, need to put cohesive efforts. While all stakeholders have a distinctive role to play, the corporate sector will have a strategic role in sculpting the commercial and economic growth of the country.

And when we say corporate sector, the role of Public Sector Enterprises (PSEs) would also be crucial in realising the vision of India@100.

PSEs have always been at the forefront of the socio-economic development of the nation, and they have traversed a long distance since independence. From mere five CPSEs at the beginning with an investment of Rs 29 crore, the number of PSEs in India has increased to 389 in FY 2020-21 with an investment of nearly Rs 22 lakh crore and a net profit of over Rs 1.5 lakh crore. CPSEs have contributed close to Rs 5 lakh crore to the Central exchequer by way of excise duty, customs duty, Goods and Services Tax (GST), corporate tax, interest on Central government loans, dividends, and other duties and taxes, and the employment stood at nearly 1.4 million.

Placing India on the global industrial map, PSEs account

for 99 percent of the country's total coal production, nearly 51 percent of petroleum and 77 percent of natural gas output, and they also play a major role in steel production. Given the strategic contribution of over 50 percent by PSEs to power generation, today all inhabited villages are electrified, primarily by PSEs. As they play a significant role in providing the country with world-class infrastructure, PSEs continue equipping the nation with state-of-the-art technology and a series of R&D breakthroughs, creating significant downstream impact by generating direct and indirect employment avenues and developing skilled and industry-ready talent. PSEs are transforming lives every day.

Hence, given their strategic relevance in the economy, it is pertinent that PSEs give further impetus to their efforts to evolve themselves in line with global benchmarks and become an



intrinsic part of the global supply chain.

PSEs@100

The journey of PSEs can distinctly be divided into three stages — pre-liberalisation, post-liberalisation, and the current phase of the road to PSEs@2047. As India celebrates 75 years of independence, the CPSEs, too, are celebrating their journey and contributions to the making of an independent India. They are also gearing up for the future and are in the process of preparing a roadmap to become more efficient and competitive and meet the aspirations of new India. While many deliberations are taking place around the new role of PSEs in the country, one key event took place recently under the *Azadi ka Amrit Mahotsav* (AKAM) celebrations held at Gandhinagar, Gujarat. Inaugurating the event, Finance Minister Nirmala Sitharaman gave a pointed agenda to PSEs to explore new prospects for expansion, identify opportunities for scaling up,

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diversify in emerging fields, and step up for greater amalgamation.

A CEOs Roundtable was also organised by the Department of Public Enterprises (DPE), in association with the Standing Conference of Public Enterprises (SCOPE), where CMDs and Directors representing their organisations came on board to discuss the roadmap of PSEs, and their role in strategic sectors for building a self-reliant India.

Key identified areas

In analysing the role of PSEs in new India, it is important to

first understand the need of the country. Owing to its young population and growing global presence, PSEs need to work on three key areas:

- » Skilling
- » Substitution of imports
- » Research & Development

Skilling

India is home to the largest youth population in the world, with 66 percent of the total population below the age of 35. And India is seeking to become a dominant manufacturing centre which resonates with the government's agenda to achieve \$1 trillion in Gross Value Added (GVA) from manufacturing in the coming years. For this to come to fruition, PSEs need to amp up their production capabilities, which on one hand, would require the adoption of new-age technologies, but would also require a massive skilled workforce. These two factors would go hand-in-hand.

For this purpose, PSEs need to adopt unique ways of imparting skill training. As a pre-requisite, it is imperative to map the current

skill levels and identify the skill gaps to strategise and plan for effective training programmes. PSEs could also collaborate with training institutes to address the key areas of concern. The training, however, needs to be output-based and should be regularly monitored to see concrete results. The focus should also be on collaborating with academic institutes to promote apprenticeships for students. It could be a unique model through which PSEs could train and hire industry-ready graduates based on their interests and the industry requirement, rather than skilling them post-recruitment.

Substitution of imports

Under the Aatmanirbhar Bharat initiative, CPSEs have begun the journey towards rationalising import dependency. The multipronged strategy includes developing internal capabilities and strengthening local capacities as a key element. For this purpose, PSEs need to adopt Industry 4.0 to accelerate digitalisation and automation. The adoption of Industry 4.0 would help PSEs optimise their operations and services, which, in

turn, would result in a reduction of operational cost and increased efficiency.

PSEs could also work towards developing innovative ways to substitute the import of raw materials. For example, Bharat Petroleum Corporation Limited (BPCL) developed an indigenous dewaxing catalyst (BHARAT HiCAT) to substitute the import of Gasoline Sulfur Reduction catalyst, and Coal India Limited (CIL) has allocated additional coal to Central and state generating companies under flexi-utilisation, enabling them to avert coal imports, among other initiatives.

The instances of developing indigenous capacities by PSEs are many, but one aspect that PSEs need to further explore is ensuring optimum utilisation of resources and development of the remotest corners of the country. This would ultimately lead to the strengthening of local capacities. For this, it is essential that the aim of PSEs should be to increase the efficiency of local vendors and MSMEs. As MSMEs form a major part of the backbone of the Indian economy by fostering socio-economic development, next only to agriculture, PSEs could

further empower them through skilling, utilising technological interventions to strengthen the engagement and creating local employment opportunities, among others. It is heartening to see that PSEs have already begun working on these areas, some examples are a revision of procurement policy to encourage domestic procurements by HPCL and the organisation of vendor development programmes and webinars to promote self-reliance initiatives. Further, BHEL has formed a business group — the “Make in India Business Development Group” — with the objective of in-house development and manufacturing of imported items. However, the efforts in this regard need to intensify so as to ensure the overall development of the country.

Research & Development

In the changing dynamics of the business world, it is important to keep pushing forward with new innovative practices because the motto today is: Disrupt or get disrupted!

Innovation needs to be at the centre stage of any organisation, big or small. India has made a significant stride in this direction.



Being the second-largest startup ecosystem in the world is a testimony to this fact. According to the Global Innovation Index 2021, India ranked 46th on the innovation index amongst 132 economies. India also secured the first rank in central and southern Asia on the Index.

When it comes to CPSEs, we have seen a rising trend where investment towards research and innovation has been stepped up, with CPSEs in the power, petroleum, mining, defence, and steel sector earmarking significant funds towards R&D. It has also been seen that CPSEs follow a varied model for R&D. While many CPSEs have in-house R&D facility, others collaborate with academic and research institutes. To put forth a more cohesive effort and upscale R&D, leading PSEs may handhold PSEs functioning in the same sector and create a knowledge-sharing mechanism that benefits all.

PSEs need to further propel their efforts in this direction because the road to becoming a manufacturing hub or substituting imports goes through R&D. To achieve 'zero defect-zero effect' manufacturing, the quality of products needs to be optimised. To further drive the R&D efforts, PSEs could come together and

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work on mutually beneficial projects. Similarly, PSEs can also accelerate their partnership with globally renowned institutions to undertake focused research works.

Way forward

The journey of the public sector in India has been a chequered one — full of travails and tribulations, but the very fact that the public sector was able to withstand the dynamism speaks volumes about the resilience of the sector. In more than six decades of its existence, the public sector in India has steered the economy towards economic development by successfully incorporating the three Ps — People, Planet and Profit — in its framework, thereby driving the country towards building a strong industrial

infrastructure while ensuring social well-being of the people. Indian PSEs have also been recognised as having a unique place among the State-Owned Enterprises (SOEs) across the world.

Constant efforts by the government to empower the sector have been a critical factor in shaping the new role taken on by the CPSEs. However, the need of the hour is for the government to constantly empower and build trust in PSEs so that they are able to demonstrate global competitiveness and market leadership.

The road to India@100 in 2047 goes through the realisation of its true potential, and every stakeholder needs to come on the same platform and work in tandem to optimise its resources to achieve the same. By working on the three aspects of skilling, substitution of imports, and indigenisation of technology through R&D, PSEs could steer India towards *Aatmanirbharta* (self-reliance) and pave the way for the future, a future that India envisages and deserves.

The author is the current Director-General of the Standing Conference of Public Enterprises (SCOPE), an apex organisation representing PSEs in India.

