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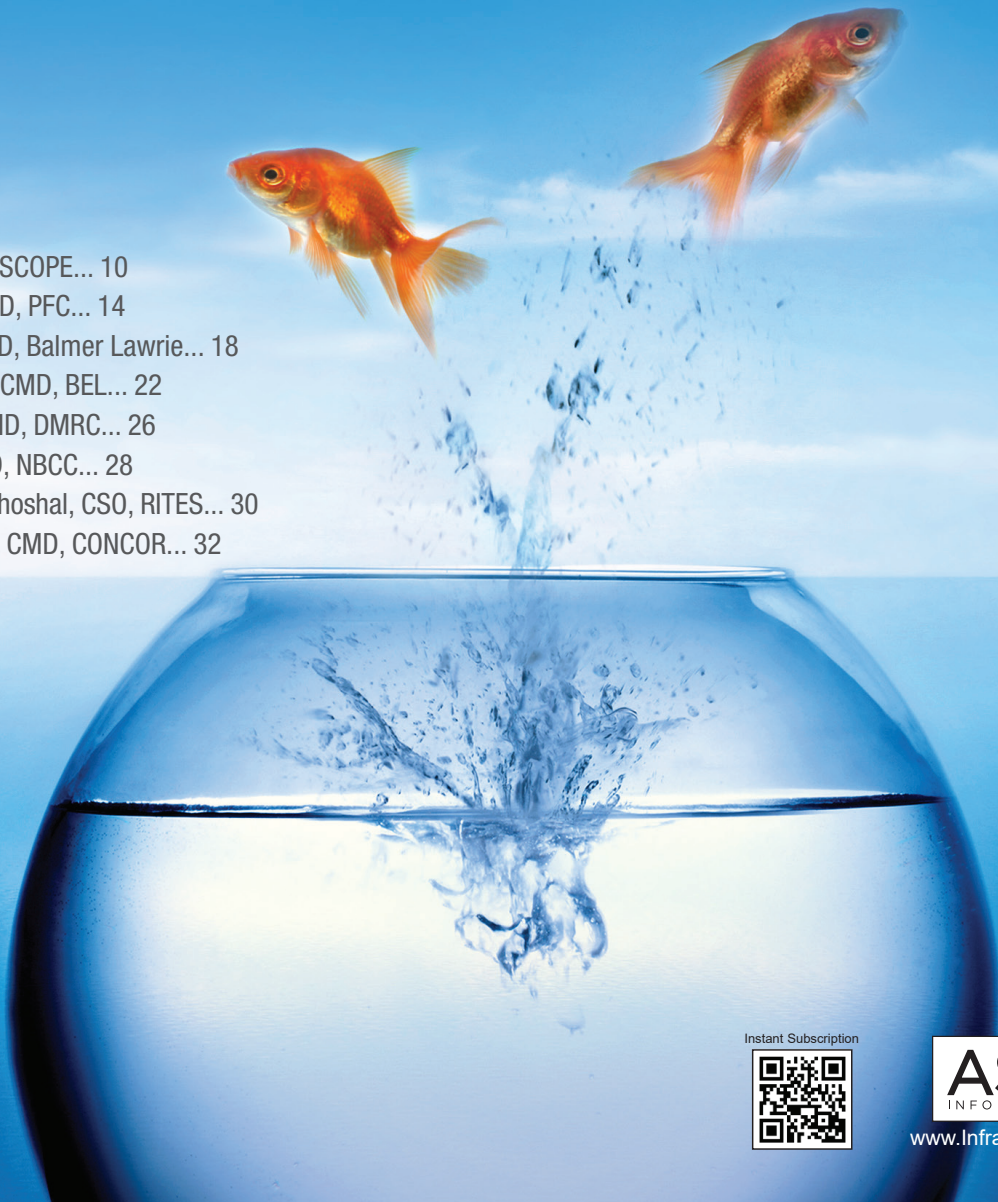
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# “PSEs to play major role in infra spending of ₹10 trillion”

Standing Conference of Public Enterprises (SCOPE) is an apex body of Public Sector Enterprises (PSEs) of India, promoting excellence and enabling them to be globally competitive. **Atul Sobti, Director General**, in an exclusive interview with *E Jayashree Kurup*, shares various initiatives taken by PSEs to broaden its hemisphere. Excerpts from the interview...



## Budget 2023 focused on a record capex investment of Rs 10 trillion. In light of this focus on infrastructure, how do you see the role of PSEs?

The Union Budget 2023 has reflected on the vision for a new India which is progressive and inclusive. I would like to congratulate the Finance Minister for a growth oriented inclusive budget which has rightly focussed on infrastructure strengthening as the allocation increased by 33 per cent from the previous year's outlay which is almost three times of the outlay of 2019-20.

Infrastructure is the very basic foundation for a country's development and the extent of its modernisation forms the measurement benchmark for a country, and in this public sector enterprises (PSEs) have played an instrumental role by aligning commercial prudence with social development and contributing to state-of-the-art infrastructure of rail, road, bridges, storage, waterways, schools, hospitals, sports facilities, etc.

PSEs have justified their role as nation builders as they presently contribute over 13 per cent to the GDP. They have proved their mettle not only in social upliftment, but also in commercial prudence which is evident as they contributed ₹5.07 trillion to the central exchequer, by way of duties, dividends, and taxes in 2021-22 alone and registered a net profit of ₹2.49 trillion in the year, thereby adding to country's wealth.

While proving their commercial success, they have also contributed significantly to the infrastructure development of the country. As seen from various reports regarding the capex targets, in FY 22 CPSEs were able to meet 96 per cent of the allocated capex target despite the global pandemic situation with some PSEs achieving more than 100 per cent of the

allocated capex targets. Further, in FY23, large PSEs with a target capex of Rs 1 billion or more have already achieved nearly 76 per cent by December 2022, and are poised to achieve the allocated target.

Continuing with their past achievements and execution capabilities of PSEs, this year also, they will play a critical role in the earmarked infrastructure spending of Rs 10 trillion. Since PSEs in the country operate in strategic sectors of the country and command a dominant market position in infra-oriented sectors like coal, petroleum, oil, gas, and power; their contribution to achieve the goal of infrastructure capex will certainly be significant.

**After rail, roads, metros, regional connectivity is there a need for capacity building? You signed up with the ICAI for the finance sector. Are more such professional MoUs required to meet the targets?**

In order to achieve the much-needed momentum to meet the target of infrastructure development, capacities need to be enhanced in terms of how much we are capable of achieving and how we can achieve the targets i.e. skills. PSEs have the execution capacity on both grounds in terms of the capacities of their units and also in terms of addressing the concerns of skilling, re-skilling, and up-skilling.

Supporting and enabling PSEs in their endeavours for strengthening their capacities and capabilities, SCOPE has been collaborating with various national and international institutions to provide evidence-based research in building and enhancing capacities and skills, so as to provide a conducive environment to create innovative practices, and also provide business solutions to PSEs while ensuring industrial facilitation.

SCOPE's MoU with the Institute of Chartered Accountants of India is one such outcome-based collaboration that aims to provide opportunities for capacity building in financial resilience and expertise through the transfer and exchange of knowledge, skills, and expertise.

Besides focusing on the finance sector, SCOPE is also partnering with experts and academicians in various sunrise and instrumental areas including climate change, women empowerment, leadership, and digital transformation. In this regard, SCOPE has collaborated with GIS, Germany to build capacities and handhold PSEs in reducing carbon emissions on one hand, and on the other, has collaborated with Centre for Creative Leadership, USA to explore and guide PSEs for

developing strong and future fluent leadership.

Also, SCOPE is working closely with International Labour Organisation (ILO), Geneva for working in the vertical of women empowerment and skills landscape in the country. While, SCOPE and the Institute of Management Technology, Hyderabad (IMTH) are already in the final stages of launching a study on digital transformation in PSEs, SCOPE is also exploring a partnership with the UNESCO Institute of Lifelong Learning (UIL) for building capacities in lifelong learning. Upkeeping with its commitment, SCOPE is taking dedicated steps in the skill enrichment of the workforce.

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**₹790 billion has been allocated to PMAY? The private sector has built in the middle-income and premium sectors. With such a large allocation, can PSEs step in to meet the social objective for LIG and EWS categories?**

The genesis of PSEs not only laid the foundation for economic growth trajectory but equitable development with social justice. While moving towards developing commercially prudent organisations, PSEs have continued with their inherent function of social upliftment by fulfilling social and welfare obligations. PSEs have also embarked upon massive programs for education, health, infrastructural development, and overall upliftment of the remotest regions.

The establishment of factories and industries in remote areas has led to the overall regional development. This has led to a major positive impact on the natives of such areas also by providing greater avenues of employment, thereby leading to improvement in the standard of living for all.

With the Government of India providing many social schemes and avenues to support the marginalised groups in the country, PSEs

shall continue to work in close proximity with the Government to further provide socially equitable opportunities to all.

### **How are PSEs placed in terms of adapting and innovating in the use of technology such as artificial intelligence and robotics? Can they drive investment into research?**

PSEs are strategic partners in the national agenda of skilling. Given the demographic advantage of the country and the presence of moderately skilled and economic manpower, the country has taken strong strides in evolving as a knowledge-based economy where technology has been a strategic player.

Recognising the growth of technology and its growing presence across sectors, PSEs have also invested significantly in developing emerging technologies and integrating technology into business operations of the public sector fraternity.

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Major PSEs have been developing unique technologies to enhance business efficiency. In fact, it is worth mentioning that PSEs present in hard-to-abate sectors are also developing technology-driven processes so as to replace fossil fuel with renewable sources, thereby reducing carbon footprint. Besides, developing technology for specialised uses, PSEs are also integrating technology with routine operations to minimise processing time and human interface.

While, major PSEs like IOCL, GAIL, ONGC, BHEL, and NTPC are doing their bit for creating a digital framework for all operations, upcoming PSEs like NEEPCO have also been taking firm steps in this space. It is worth mentioning that innovative projects like the development of PSPs in the abandoned coal mines and Ladakh region to induce the much-needed flexibility, reliability, and stability to the power system is one such project amongst many of various PSEs to

enhance the present infrastructure of the country while developing new ones.

Recognising the growing use of technology and digital in PSEs, SCOPE has partnered with the Institute of Management Technology, Hyderabad (IMTH) to conduct a research-based study on ‘Digital Transformation’ in PSEs. This study aims at understanding the initiatives taken by PSEs for digital transformation, the challenges faced while taking such initiatives and also seeks to recommend how to leverage digital transformation for survival and growth.

### **Are enough funds available for research and growth? Innovative alternate means such as green bonds, infrastructure bonds and InvITs, and global funds are options. What is the direction that you see PSEs taking to raise resources?**

PSEs have prioritised research and development and the need to nurture a pool of management and talent. Reflective of the same, the total R&D expenditure of PSEs has increased to ₹68.94 billion in FY 2021-22 from ₹40.38 billion during FY 2019-20 recording nearly 71 per cent growth over the period.

While the public sector continues to work towards innovation, they have also been using unique means of funding for their projects. New forms of fundraising like infrastructure bonds have already been explored by PSEs, green bonds are also being looked into as a lucrative option. Though slow in its growth, green bonds have been issued by many PSEs like REC, PFC, IREDA, NTPC, etc.

### **With the Make in India and Aatmanirbhar Bharat initiatives, will PSEs take the lead in manufacturing again?**

Reiterating the fact that PSEs were created with making the country self-sufficient, it is worth noting that their genesis was laid on the socio-economic progress of the nation and import substitution. Hence, simply put, PSEs’ core area is manufacturing so as to make the country self-reliant.

Taking this forward, the public sector has worked incessantly to gear up infrastructure and development since independence. Their target, over the years, has been to meet the need of physical infrastructure across different sectors to enhance economic development.

In pursuit of the ‘Aatmanirbhar Bharat’ and ‘Make in India’ strategy to happen, the National Infrastructure Pipeline (NIP), a major government initiative announced towards building world-

class stellar infrastructural facilities, has been expanded to 8,964 projects in 47 sub-sectors. PSEs are working in tandem with the Government towards achieving the NIP targets by creating institutional structures, monetising public assets, including land, and raising the share of capital expenditure in central and state budgets.

### **Are PSEs on track to meet the ambitious targets India has accepted in meeting sustainable development goals by 2030 and 2070? What is happening in this direction in the PSEs?**

Certainly, PSEs are making concerted efforts to enable the country to meet SDG. While, building capacities in key areas of skilling, women empowerment, and social upliftment, PSEs are also focussing on the national agenda of climate change mitigation.

This is all the more imperative for PSEs given the inherent nature of their operations in hard-to-abate sectors like coal, oil, gas, and power. Thereby, making it imperative to onboard PSEs and help them in attaining a targeted sustainable environment.

For this purpose, while PSEs have been earmarking stringent sustainability targets for themselves, they have also been embracing tough decisions to achieve the national targets. Instances can be seen with companies engaged in coal mining and production exploring ways of producing cleaner coal and also shutting down smaller coal mines.

Similarly, power-generating PSEs are also embarking on using renewable sources of power generation instead of coal so as to contribute positively towards reducing carbon footprint. PSEs are also exploring innovative ways of alternative fuels like hydrogen.

Alongside, PSEs are also encouraging their employees and townships to adopt green methods and conserve natural resources to develop conscious individuals. Understanding the need to handhold and build capacities in PSEs in this strategic area, SCOPE has partnered with GIZ, Germany to facilitate PSEs in this important agenda.

Many initiatives have been undertaken under the ambit of the partnership including a comprehensive study on training and capacity needs assessment to address the ways and mean for building capacities for developing climate-resilient pathways, undertaking workshops on strategising climate change, handholding of specified companies to determine their internal carbon pricing, etc. Many new projects are also on the anvil to enhance the visibility of PSEs in this area

while enhancing their capacities in line with global benchmarks.

### **You worked with ILO on a work-life balance study for women in PSEs. Has that mindset carried forward even after the pandemic?**

SCOPE's pathbreaking study with ILO is an important step toward developing gender inclusive work policy in PSEs. The study reflects on the need to create better opportunities to encourage more women at work and advise PSEs to gain insight from the study and guidelines launched.

With the pandemic being a catalyst in adopting the WFH arrangement, the SCOPE ILO study offered detailed insights about the advantages and challenges of WFH after administering surveys including key informant interviews (KIIs) and one-on-one interviews with senior management including CMDs, Heads of HR and other executives. A record number 1,969 of women executives in PSEs were interviewed to reckon with the ground reality of the situation.

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The learnings from the study and the mindset have definitely carried forward and newer policies are being put in place to make the environment more conducive for all genders to work and blend in.

Taking a cue from the study, its recommendation, and inclusive policies of the Government, PSEs at present are seeing the largest number of women in leadership positions, which is a promising reflection of the changing dynamics for women in the public sector. The move is certainly encouraging, but to ensure that the trend continues and becomes sustainable, it is imperative that with the policy support, aggression and assertion of the women are also reflected.

To unleash their true potential, women must have more focus in their career and for this the five mantras of being assertive, committed, smart working, knowledge sharing, and skill building can certainly help in ensuring greater growth of women in the corporate world. 