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## 'PSUs have emerged as world class institutions': Atul Sobti, DG, Standing Conference of Public Enterprises

Atul Sobti notes that out of 254 operating PSUs, 74% are profitable; says out Rs 11.11 lakh crore capex target in FY25, over Rs 9 lakh crore is to be achieved by the public sector



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The government has been increasing capital expenditure substantially year-on-year and it has an effective partner in the PSUs, notes Atul Sobti, Director General of Standing Conference of Public Enterprises (SCOPE), the apex body of the Public Sector Enterprises (PSEs) of India. In an interview with BT, he underlines that PSUs will continue to be on a path of profitability and will continue to focus on areas such as product, quality, technology and investments. Edited excerpts:

### **PSUs have been one of the engines of capital investment. Do you expect this momentum to continue?**

The government has been focussing on the four Is—Infrastructure, Investment, Innovation and Inclusion—to push the growth agenda of the country. The government has been increasing the capital expenditure substantially year on year and that has been effectively partnered by the PSUs. In the past three years that is in FY22, FY23 and FY24, PSUs have been given a target of achieving 72%, 89% and 74% of the total announced capex target of the Centre. However, of the allocated target, PSUs have not only successfully achieved but in fact surpassed the target by achieving 108% last year. Given that the country has taken strides towards becoming a Viksit Bharat, the need for investment to build the country's infrastructure to achieve the developmental agenda would be more than ever.

### **What is the impact of the Budget announcements on PSUs?**

It is a well-rounded and comprehensive Budget that focusses on long-term growth of the country and provides a direction by focussing on inclusive participation of all stakeholders including farmers, corporates, MSMEs, youth and women. While, PSUs have a significant role to play in all the nine priorities identified, but their role is critical in five key priorities—employment and skilling; manufacturing and services with a focus on MSMEs; energy security; infrastructure; innovation and research. PSUs have been significant partners for the government for development of infrastructure in the country as can be seen from the fact that out Rs 11.11 lakh crore capex target of the country in Budget 2024-25, over Rs 9 lakh crore that is over 80%, has to be achieved by the public sector alone.

### **What are the key factors that have transformed the PSUs and helped in increase their profitability?**

PSUs are amongst the profitable corporates in the country as out of 254 operating PSUs, 74% are profitable. They have also continued with their social justice agenda by contributing handsomely towards annual CSR expenditure to the tune of Rs 4,000 crore in one year while directly employing nearly 1.5 million people thereby giving them good livelihoods and social security. But the position of PSUs today has been possible due to their constant efforts to adapt to the changing dynamics and meet global benchmarks. Their commercial success can be attributed to COT or capacity expansion, outreach and technology advancement.

### **Do you think that the PSUs can maintain this momentum of high productivity, and efficiency, going forward?**

Absolutely, this goes without saying. Today, PSUs have emerged as world class institutions which have a perfect balance of commercial prudence with socialistic agenda. This is reflected in the fact that where PSUs are holding key positions in strategic sectors (coal: 85%; oil: 78%; gas: 67%; power installed power capacity: 50%; and oil refining capacity: 65%), they are also recognised as global accomplishees. A preliminary analysis of the latest figures of profitability of top 10 PSUs reflects that they have registered a 70% increase in their profits since last year. There are also some critical factors which are playing in favour of the PSUs which will certainly enable them to maintain this momentum of their productivity and efficiency. The first factor that has a critical contribution to their effective productivity is economies of scale. Today, the capacities that PSUs have, in terms of production, manufacturing, land, presence in various parts of the country and manpower places them in a very lucrative position to attain economies of scale and cost competitiveness. Second, PSUs have moved beyond domestic boundaries and are exploring not only conventional international markets but also new markets giving them an edge of market capture and penetration. Third, they are direct employment providers to nearly 1.5 million people while providing employment to many more indirectly. Fourth, PSUs have identified the need for just transition and are taking proactive steps for net-zero emissions much before 2070. This can be seen from the fact that 23 PSUs have declared net-zero targets in different time intervals of which nearly 90% have declared achievement of target much before 2047. There is an underlying element which is much needed to leverage these four factors and that is innovation. This clearly indicates that PSUs have the 5 'Rs' for continuing profitability—Right product, Right quality, Right technology, Right market, and Right investment.

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### **What more steps can be taken to improve the efficiency and productivity of PSUs?**

Certainly, an extra push by PSUs can help them further accelerate their contribution to the economic growth of the country. I believe there are four areas which can further strengthen their contribution. These include identifying greater synergy between public and private sector which would enable further expanding outreach, scale innovations and ensure optimal resource utilisation. Second, while PSUs are digitally aligned, now is the time to embrace emerging technologies and integrate them in business processes so as to enhance efficiency. Third, PSUs need to increase spending on R&D as this would only provide the much needed impetus to economic growth, technological advancement, and global competitiveness. Lastly and most importantly, experience sharing of best practices amongst the corporate sector to provide avenues for interaction, deliberation and value creation. Impetus from the government can also help them improve further. Level playing field and greater autonomy can go a long way in making these institutions even more robust. While, the many policy initiatives of the government have increased the powers of decision making and autonomy of the PSUs, further empowerment would enable them to transform into global entities. **BT**