## MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

## DEMAND NO. 49

## **Department of Heavy Industry**

A. The Budget allocations, net of receipts and recoveries, are given below:

(In crores of Rupees)

	1	Budget 2009-2010		1			(In crores of Rupees)			
				2010	Revised 2009-		2010	Budge	t 2010-2	011
Maj	or Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan No	on-Plan	Total
Revenue		213.56	62.00	275.56	156.15	62.00	218.15	263.30	111.71	375.01
Capital		136.44	400.00	536.44	54.85	400.00	454.85	106.70	400.00	506.70
Total		350.00	462.00	812.00	211.00	462.00	673.00	370.00	511.71	881.71
Secretariat - Economic Services	3451	1.90	16.70	18.60	1.90	17.32	19.22	1.90	14.58	16.48
Industries	3431	1.30	10.70	10.00	1.50	17.52	13.22	1.30	14.50	10.40
2. Research and Development	2052		25.00	25.00		25.00	25.00		25.00	25.00
of Automotive Industry	2852	•••	25.00	25.00		25.00	25.00		25.00	25.00
National Automative Testing										
and R&D Infrastructure Project	2852	180.00	•••	180.00	145.59		145.59	232.14		232.14
4. Grants to Hindustan Salts Ltd.	2852					0.01	0.01		2.00	2.00
<ol><li>National Industrial Development</li></ol>										
Corporation Ltd.	2852					0.09	0.09			
<ol><li>Bharat Yantra Nigam Ltd.</li></ol>	2852					2.52	2.52			
7. Bharat Wagon & Engineering										
Company Limited	2852					2.30	2.30			
8. Modernisation of Capital										
Goods Sector	2852	24.00		24.00	1.00		1.00	24.00		24.00
9. Interest Subsidy on Bank										
Finance to PSUs for										
implementation of VRS	2852		20.29	20.29		14.75	14.75		15.00	15.00
10. Other Expenditure	2852	7.66	0.01	7.67	7.66	0.01	7.67	5.26	0.01	5.27
Total-Industries	2002	211.66	45.30	<b>256.96</b>	154.25	44.68	198.93	261.40	42.01	303.41
11. Grants to Oil & Natural Gas		211.00	43.30	230.30	134.23	44.00	130.33	201.40	42.01	303.41
	2002								EE 40	EE 40
Corporation Ltd.	2802	•••	•••						55.12	55.12
12. Lump-sum provision for projects/										
schemes for the benefit of										
North East Region and Sikkim	4552	35.00		35.00	21.10		21.10	37.00		37.00
13. Lumpsum provision for										
restructuring of PSEs	4858	15.00		15.00	5.00		5.00	25.00		25.00
14. Conversion of Loan into										
3.5 % preference share capital										
14.01 Instrumentation Limited, Kota	4858				0.01		0.01			
15. Non Plan Loans to Public										
Sector Enterprises										
Engineering Industries										
15.01 Bharat Yantra Nigam Ltd.	6858					1.33	1.33			
15.02 Bharat Bhari Udyog										
Nigam Ltd.	6858					13.15	13.15			
15.03 HMT Ltd.	6858					144.48	144.48			
15.04 Lumpsum for Voluntary	0000					144.40	144.40	•••		
Separation Scheme	COEO		250.00	250.00		100.50	100.50		250.00	250.00
and Statutory dues	6858	•••	250.00	250.00		109.53	109.53		250.00	250.00
15.05 Hindustan Cables Ltd.	6858	•••	•••			20.66	20.66	•••		
15.06 Instrumentation Limited Kota	6858	•••				38.36	38.36	•••		•••
15.07 Scooters India Limited	6858					14.21	14.21			
Consumer Industries										
15.08 NEPA Ltd	6860					5.03	5.03			
15.09 Lumpsum for Revival										
Schemes of PSEs	6854		150.00	150.00		49.20	49.20		150.00	150.00
15.10 Hindustan Photo Films										
Manufacturing Ltd	6860					4.05	4.05			
Total - Non Plan Loans to Public										
Sector Enterprises			400.00	400.00		400.00	400.00		400.00	400.00
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								(In	crores of	Rupees)
		Budg	get 2009-	2010	Revis	sed 2009-	-2010	Budget 2010-2011		2011
	Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan N	lon-Plan	Total
16. Investments in Public Sector										
Enterprises	4854	5.01		5.01	1.01		1.01	5.01		5.01
·	4858	34.24		34.24	9.88		9.88	13.89		13.89
	4860	6.53		6.53	4.03		4.03	6.03		6.03
	6858	34.16		34.16	9.82		9.82	13.77		13.77
	6860	6.50		6.50	4.00		4.00	6.00		6.00
	Total	86.44		86.44	28.74		28.74	44.70		44.70
Grand Total		350.00	462.00	812.00	211.00	462.00	673.00	370.00	511.71	881.71
B. Investments in Public Sector Enterprises	Head of Dev.	Budget support	I.E.B.R	Total	Budget support	I.E.B.R	Total	Budget support	I.E.B.R	Total
Engineering Industries	201.	Сарроп			очроп			Сарроп		
16.01 Bharat Heavy Electricals L	td 12858		2483.00	2483.00		1802.00	1802.00		1924.00	1924.00
16.02 HMT Ltd	12858	36.84		36.84	15.01		15.01	20.04	10.00	30.04
16.03 Heavy Engineering	000	00.01		00.0						00.0.
Corporation Ltd.	12858	0.01	59.57	59.58	0.01	58.00	58.01		58.41	58.41
16.04 Scooters India Ltd.	12858	6.00		6.00				4.01		4.01
16.05 Hindustan Cables Ltd.	12858	0.01		0.01	0.01		0.01	0.01		0.01
16.06 Instrumentation Ltd.	12858	4.63		4.63	4.63		4.63	0.02		0.02
16.07 Andrew Yule and Co. Ltd.	12858	0.01		0.01	0.01	121.56	121.57	0.01		0.01
16.09 Bharat Yantra Nigam Ltd.	12858	0.03	141.00	141.03	0.03	58.81	58.84	0.04	40.00	40.04
16.10 Bharat Bhari Udyog Nigam Ltd.	12858	20.87		20.87				3.53		3.53
16.11 Engineering Projects						0.00				
(India) Ltd.	12858		10.00	10.00		6.00	6.00		10.00	10.00
16.12 Instrumentation Limited ,										
Kota/ Rajasthan Electronics & Instruments Ltd.	12858		3.00	3.00		0.30	0.30		11.47	11.47
16.13 Tyre Corporation of	12000		3.00	3.00		0.30	0.30		11.47	11.47
India Ltd.	12858	0.01	2.20	2.21						
16.14 National Automative	12000	0.01	2.20				•••			•••
Testing R & D Infrastructu	re									
Project	12858		11.00	11.00					13.00	13.00
16.15 Coal Gassification Projects	s 12858		100.00	100.00						
16.16 Fluid Control Research										
Institute	12858		0.75	0.75		0.75	0.75		1.25	1.25
Total - Engineering Industries		68.41	2810.52	2878.93	19.70	2047.42	2067.12	27.66	2068.13	2095.79
Consumer Industries										
16.17 Hindustan Paper										
Corporation Ltd	12860	5.01	100.00	105.01	0.01	284.24	284.25	0.02	364.31	364.33
16.18 Hindustan Newsprints Ltd.			57.07	57.07		15.04	15.04		12.34	12.34
16.19 NEPA Ltd	12860	0.01		0.01	0.01		0.01	0.01		0.01
16.20 Hindustan Salts Ltd. 16.21 Hindustan Photofilms	12860	6.00		6.00	6.00		6.00	10.00		10.00
Manufacturing Co. Ltd.	12860	2.00		2.00	2.00		2.00	2.00		2.00
16.22 Tyre Corporation of India L		2.00		2.00	0.01	 25.21	25.22	2.00	 2.20	2.00
Total - Consumer Industries	12000	13.02	157.07	170.09	8.03	324.49	332.52	12.03	378.85	390.88
Cement & Non-metallic		13.02	107.07	170.03	0.03	324.43	332.32	12.03	370.03	330.00
Mineral Industries										
16.23 Cement Corporation of										
India Ltd.	12854	0.01	138.02	138.03	0.01	76.03	76.04	0.01	138.02	138.03
16.24 Addition, Modification &										
Replacement Scheme										
in PSUs	12854	5.00		5.00	1.00		1.00	5.00		5.00
Total		86.44	3105.61	3192.05	28.74	2447.94	2476.68	44.70	2585.00	2629.70
C. Plan Outlay										
Engineering Industries	12858	296.96	2810.52	3107.48	180.86	2047.42	2228.28	315.96	2068.13	2384.09
Consumer Industries	12860	13.03	157.07	170.10	8.03	324.49	332.52	12.03	378.85	390.88
3. Cement and Non-metallic										
Mineral Industries	12854	5.01	138.02	143.03	1.01	76.03	77.04	5.01	138.02	143.03
4. North Eastern Areas	22552	35.00		35.00	21.10		21.10	37.00		37.00
Total		350.00	3105.61	3455.61	211.00	2447.94	2658.94	370.00	2585.00	2955.00
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- 1. **Secretariat:** Provides for secretariat expenditure of the Department of Heavy Industry.
- 2. Research & Development of Automotive Industries: Provides for grant to Development Council for Automobile and Allied Industry for setting up facilities for testing the vehicles as per changing safety and emission standards at the research institutes i.e. ARAI, Pune, VRDE, Ahmednagar and CIRT, Pune and other R&D institutes in the country.
- 3. National Automotive Testing and "R&D Infrastructure Project (NATRIP), is one of the most ambitious projects launched by the Government of India aimed at the creation of critically needed automotive testing, validation and R & D infrastructure for the auto sector. This is especially important in light of demand of today's manufacturers for vehicles which are ushering in global vehicular safety, emission and performance norms.

The aim of NATRIP is to create world-class automotive testing, validation, R&D and homologation facilities in line with emerging requirements of the National Automotive Safety and Emission roadmap. These are to be created in the three principal hubs of North, West and South India. The Government of India has majority funding of the project and has also granted full customs duty exemption to all project imports, the State Governments have offered land at concessional rates. This will facilitate the project aim of creating core global competencies to facilitate seamless integration of the Indian automotive industry with the world automotive landscape.

The facilities at ICAT, Manesar, NATRAX, Indore and G-ARC in Chennai are developing at a fast pace. The EMC lab at VRDE, Ahmednagar is fully functional and expansion and upgradation at ARAI in Western India are in a major overhaul mode and several new equipments have been installed and are functional. The Silichar project has progressed very well, with the hill road track and driving simulator in place at Dholchura campus and the hill driving training activity is up and running. In the second campus at Jaffirbond in Silichar, work is in advanced stage of completion and it is expected that the Silichar project will be up and running in 2010. For Rai Bareilly project land procurement is in advanced stage and it is expected that the implementation at this centre can also commence shortly. ICAT, Manesar operational partially and has already carried out validation tests for a number of OEMs. It is emerging as the preferred choice for many manufacturers including component Industry based in the North. A number of critical R&D projects have been undertaken by ICAT, Manesar for the auto industry and its efforts in this area have gained recognition.

- Provision is kept for Modernisation of Capital Goods Sector for PSEs.
- 9. Interest subsidy on Bank Finance to PSUs for Implementation of VRS: Provision is towards interest payable under the scheme for arranging bank finance to PSUs for implementation of VRS.
- 10. **Other Expenditure:** Provides for grants to Fluid Control Research Institute and Coal Gassification Projects. FCRI was established in 1987 as a UNDP project for undertaking activities connected with flow measuring and control devices and to provide the basic framework for technology development and flow products, for India and South-East Asia. This includes Grantsin-aid to Industrial Associations and PSUs for undertaking promotional activities and Commissioner of Payments, Kolkata
- Lump sum provision for North Eastern Region and Sikkim: Provides for projects/schemes for the benefit of North Eastern Region and Sikkim.

- 13. **Lump sum provision for restructuring of PSEs:** This provision is for restructuring of PSEs under Department of Heavy Industry. This includes Plan support for Revival Packages.
- 15. Non-Plan Loans to Public Enterprises: Provision is for non-plan loans to loss making public sector enterprises partly to meet the gap in their resources. This includes a lump sum provision of Rs. 250.00 crore for implementation of VRS/VSS and reduction of statutory dues of the employees. Another lump sum provision of Rs. 150.00 crore is meant for meeting the expenditure on restructuring/revival schemes of loss making PSEs. Provision is also for other public sector enterprises under the Department, based on requirement of funds and Government approval.
- 15.01 **Bharat Yantra Nigam Ltd. (BYNL):** It was incorporated as a holding company in 1986 with six subsidiaries, namely, Bharat Heavy Plates & Vessels Ltd. (BHPV), Bharat Pumps & Compressors Ltd. (BPCL), Triveni Structurals Ltd. (TSL), Tungabhadra Steel Products Ltd. (TSPL), Richardson and Cruddas (1972) Ltd. (R&C) and Bridge & Roof Co. Ltd. (B&R).
- (i) Bharat Pumps & Compressors Limited (BPCL, Naini, Allahabad The company was established on 1.1.1970. BPCL is primarily involved in manufacturing of Centrifugal & Reciprocating Pump, Carbohate & Ammonia Pumps, Reciprocating Compressors and Gas/CNG Cylinders. A revival and restructuring plan of the company was approved in December , 2005. The Board of Directors of the company has been restructured with the support of BHEL, ONGC and EIL.
- (ii) Bridge & Roof Co. (India) Limited, Kolkata The company was established on 16.1.1920. The company is primarily involved in Civil and Mechanical construction, Piping, Structural & Wagons, Bailey Bridge. Marine Freight Containers etc.
- (iii) Richardson & Cruddas (1972) Ltd.,(R&C), Mumbai The company was nationalized in 1972. It is primarily involved in jobs related to Steel Structures, Transmission Line Towers, Tube Wells and Hand Pumps, etc. The company has four units situated at Mulund and Byculla at Mumbai, Nagpur and Chennai. The company is a sick PSE which is presently referred to BIFR.
- (iv) **Triveni Structurals Ltd. (TSL), Naini, Allahabad -** The company was established in 1965. It is primarily involved in jobs related to building structures, towers, pressure vessels, pipes & penstocks, etc. The company is a sick PSE and BIFR as well as AAIFR has recommended its winding up. Efforts are being made to forge a JV alliance with another PSE with a view to revival of the Company.
- (v) Tungabhadra Steel Products Limited, Hospet (Karnataka) The company was established in 1960. The company is primarily involved in manufacture of Hydraulic Structures, Penstocks, Building Structures, Transmission Line Towers, etc. The company is a BIFR referred sick PSE. Efforts are being made to forge a JV alliance with a view to revival of the Company.
- 15.02 **Bharat Bhari Udyog Nigam Ltd. (BBUNL):** It was incorporated in 1986 as a holding company consisting of seven subsidiary companies, namely, Burn Standard Co. Ltd. (BSCL), Jessop & Company Ltd. (JCL), Braithwaite & Company Ltd. (BCL), Bharat Wagon & Engineering Co. Ltd. (BWEL), Braithwaite Burn & Jessop Construction Co. Ltd. (BBJ), Bharat Process & Mechanical Engineers Ltd. (BPMEL) and Lagan Jute Machinery Co. Ltd. (LJMC). Of these, majority share holdings has been transferred to strategic partners (SPs) in respect of two subsidiary companies, namely, JCL and LJMC. BPMEL and its subsidiary Weighbird India Ltd. (WIL) have been closed and

the Company have been taken over by the liquidator. BSCL's seven loss-making refractory units and two subsidiary companies, viz., Bharat Brakes & Valves Ltd. (BBVL) and Reyrolle Burn Ltd. (RBL) have also been closed. Out of the three operating subsidiaries of BBUNL, two companies namely BSCL, BCL had been sick and under reference to BIFR. BCL is no more under the purview of BIFR whereas BSCL is still under reference to BIFR for which restructuring proposal has already been recommended by Board of Reconstruction of Public sector Enterprises (BRPSE). M/s. BBJ being a construction company was not within the purview of sick Industrial Companies (Special Provisions) Act (SICK). However, with the change of Government's policy and setting-up of Board for Reconstruction of Public Sector Enterprises (BRPSE), it was decided to revive these four companies through financial restructuring. On the basis of the recommendation of BRPSE, BCL and BBJ have already been restructured by Government. BWEL has been transferred to Ministry of Railways on 13.8.2008.

15.05 Hindustan Cables Ltd. (HCL): HCL, a Government of India Undertaking was incorporated in 1952 and was engaged in the manufacture of telecommunication cables. It had three units, One at Rupnaarainpur (W.B.), Hyderabad (A.P.) and Allahabad (U.P.) and has a separate Turnkey Project Division. The Company has been registered under Sick Industrial Companies (Special Provision) Act, 1985 by the BIFR and State Bank of India have been appointed as the Operating Agency. IIT, Kharagpur and M/s Tata Consultancy Services (TCS) were engaged by HCL to conduct a study for restructuring of the company. A proposal was submitted to the Board for Reconstruction of Public Sector Enterprises (BRPSE) regarding the future of HCL. BRPSE have recommended that a detailed holistic study of HCK, unit wise and for the company as whole may be commissioned through IIT, Kharagpur which was forwarded to BRPSE on 17.8.2007. This report was considered by BRPSE in their meeting held on 9.1.2008 and recommended for locating JV Partner for revival of HCL either from Public or private sector Enterprises, failing which complete disinvestment after clearing the balance sheet. Accordingly, two potential proposal obtained from MMTC Limited and RINL are being examined and pursued for developing a concrete proposal on mutually agreed terms and conditions.

15.10 Hindustan Photo Films Manufacturing Company Ltd. (HPF): incorporated in 1960, the company is engaged in manufacturing of photosensitized films, cine positive (black and white), cine films sound negative, medical X-ray film etc. It started incurring continuous losses every year since 1992-93. On its net worth becoming negative, the company was referred to the Board for Industries and Financial Reconstruction (BIFR) in 1995. A consultant, M/s Earnst & Young was engaged for examining a revival plan afresh for the company on the basis of recommendations of the Department Related Parliamentary Standing committee on Industry (Rajya Sabha). The consultant submitted the final report in May, 2007. A note for consideration of BRPSE was sent on 22.4.2008. Subsequently, BRPSE on 1.8.2008 has advised to submit a business plan of the company. Accordingly, HPF has furnished the Business Plan, which has been forwarded to BRPSE. Based on the recommendations of BRPSE, CCEA has approved budget support of Rs. 30 crore as Non-Plan loan towards working capital to execute the pending orders in hand and to facilitates uninterrupted operations.

16. **Investment in Public Enterprises:** Provides for budgetary support to PSEs by way of loan and equity, mostly in the ratio of 50:50, for taking up continuing schemes for development, diversification, de-bottlenecking, modernization, renewal & replacement etc. to improve their performance and viability.

16.01 **Bharat Heavy Electricals Ltd. (BHEL):** It was incorporated in 1960. It is engaged in the manufacture, supply, erection and commissioning of power generating equipment, transmission and transportation equipment for Electricity Boards and other core sectors of the economy like steel, fertilizer, metallurgical and mineral industries. It has 14 manufacturing divisions, 9 service centres and 4 power sector regional centers. The Company has supplied power stations on turnkey basis in India and abroad. BHEL's products have established an enviable reputation for high quality and reliability.

16.02 HMT Ltd.: It was incorporated in 1953. It steadily grew into a major multi-unit and multi-product company with 16 units and 22 product divisions, spread over 10 different States of the Country. The Company is engaged in the production of high-precision machine tools, printing machinery, lamp and lampmaking machinery, tractors, wristwatches, horological machines and dairy machinery. Four unviable units of HMT have been closed. Subsequently, as an organizational restructuring, its Watch, Machine Tools, Bearings and International Business Groups have been converted into wholly owned subsidiaries namely, HMT Watches Ltd., HMT Machine Tools Ltd., HMT Bearings Ltd., HMT Chinar Watches Ltd. and HMT (International) Ltd. The revival package for HMT Bearings Ltd. has since been approved. Praga Tools Ltd. (PTL): Which was also a subsidiary of HMT Ltd. from 1988, has been merged with effect from 01.04.2007 with HMT (MTL) as per direction of CCEA while approving its revival package in Oct., 2005.

16.04 **Scooters India Ltd. (SIL):** It was incorporated in 1972. It is now engaged in the manufacture of three wheelers. BIFR had sanctioned a revival/restructuring plan. It has started showing profit and has come out of the purview of BIFR.

16.11 Engineering Projects (India) Ltd. (EPIL): It was incorporated in 1970. The main objective of the company is the optimum utilization of technology and production facilities and the resources available in public sector as well as private sector for supply and erection activities required for implementing industrial and other projects on turnkey basis in India and abroad. The approved restructuring plan by the Govt. has been implemented.

16.12 Rajasthan Electronics & Instruments Ltd. (REIL): Rajasthan Electronics & Instruments Ltd. (REIL) was incorporated as a joint venture between ILK and Rajasthan Industrial Development & Investment Corporation Limited, Jaipur (RIICO) under the administrative control of this Department in 1981 at the initiative of the then Department of Electronics (now Department of Information and Technology), the National Dairy Development Board (NDDB) and the Department of Heavy Industry of the Government of India to undertake manufacture of Electronic Instruments for Agro Dairy Sector, communication sub-system for telecom Sector, Electronic Energy Meter and PCBs of various kinds. Government of India has 51% share holding through ILK and Government of Rajasthan has 49% share holding through RIICO. The registered office and the manufacturing unit of the Company is at Jaipur.

The company has been conferred 'Mini Ratna' status on 1997. Over the years it has expanded and upgraded its operations and created a whole range of equity products based on electronics, renewable energy and information technology. The company is the market leader for Electronic Milk Testers.

16.13 **Tyre Corporation of India Ltd. (TCIL):** The Company was incorporated in 24.2.1984 as a wholly owned Government of India Enterprise. It is manufacturing tyre and doing conversion job for other tyre companies pending revival. BRPSE has

recommended its financial restructuring and location of a strategic partner for its revival.

16.17 **Hindustan Paper Corporation Ltd. (HPCL):** It was incorporated in 1970 with the objective of establishing pulp and paper and newsprint mills in the country. It has got two units and three subsidiaries. A restructuring plan is under consideration.

It is proposed to start a new project in Jagdishpur (U.P.) - U.P. Paper Mill for manufacture of paper. This company would be a subsidiary of Hindustan Paper Corporation Ltd. (HPC) which has running units in Assam.

16.18 **Hindustan Newsprint Ltd. (HNL):** It was jointly promoted in the year 1970 by M/s Hindustan Paper Corporation Ltd. The main objective of the Company was to establish new pulp/paper newsprint Mills in the country.

- 16.20 **Hindustan Salts Ltd. (HSL):** It was incorporated on 12.4.1958 as a Company fully owned by the Government of India to take over the salt sources at Sambhar, Didwana and Kharaghoda earlier managed by the Salt Department, Government of India. This is the only Central Government Public Sector Undertaking engaged in the manufacture of salt. The Company started its business in January 1959. Later, Government owned salt mines located at Mandi (H.P.) were also taken over by the Company on 1.5.1963. Subsequently, the Sambhar Lake Salt Source was transferred to a subsidiary company, Sambhar Salts Ltd. registered on 30.9.1964 in terms of V.T. Krishnamachari Award.
- 16.24 Lumpsum provision for addition, modifications & replacements in PSEs: Lumpsum provision is for subsequent re-appropriation in favour of other Public Sector Enterprises under the Department as per their requirement of funds mainly for addition, modifications and replacements schemes based on Government approvals.