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KALEIDOSCOPE

STANDING CONFERENCE OF PUBLIC ENTERPRISES

SCOPE for Succession Planning of Women Executives in Public Sector

Reforms in Public Sector Enterprises

SCOPE
PROMOTING EXCELLENCE

Academy of Public Sector Enterprises

Driven by its mission to promote excellence in Public Sector Enterprises has taken a novel initiative to set up Academy of Public Sector Enterprise (APSE) for the employees of PSEs. APSE has been envisaged to impart comprehensive integrated training to PSE executives on lines of Lal Bahadur Shastri Academy of Administration, Mussoorie. APSE will function from Convention Centre located at SCOPE Minar, Laxmi Nagar Dist. Centre, Delhi.

Curriculum

The two week training programs for executives at entry level and those with a few years work experience would have an overall flavor of Public Sector. The curriculum has been structured into modular format consisting of three modules and would cover the following:

Module I: Personal Transition

- Transition from academics to world of work
- Organizational role taking and management of multiple stakeholders
- Meeting standards of professional performance and accountability
- Working in teams and relationship management
- Insights into self and career planning

Module II : Organizational Alignment

- Organization, Mission, Vision, Values and Culture
- Organization Strategy and Structure
- Operations management process and practices
- Product innovation, research and development process and practices
- People management processes and practices
- Finance management systems and practices

  (Module II is organization specific where the entire batch consists of trainees from one PSE only and to be provided against specific demand)

Module III: Contextual Alignment

- History and key developments in evolution of PSEs
- Structure of PSE Boards and delegation of authority
- The Institution of Memorandum of Understanding (MoU)
- Corporate Governance
- Corporate Social Responsibility
- Reservations and affirmative action
- Right to Information Act

Duration of the Program

The Executive Development Programs have been designed as two week (Ten Working Days) Residential Programs. The first batch would begin in July 2016.

For further clarifications/information, kindly contact:

Mr. B.V.K.K. Rao (Program Facilitator) Tel: 011-24360661 Mob: 9899402261 or
Ms. Hema Koul (Program Coordinator) Tel: 011-24362604 Mob: 9899362335 Email: apse.scope@gmail.com

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STANDING CONFERENCE OF PUBLIC ENTERPRISES

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& Consulting Editor

EDITOR
Nisha Sharma

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CHAIRMAN'S DESK

State Owned Enterprises (SOEs) play a very important role in shaping economies of the world. Their significant contribution to GDP, employment generation and market capitalization is well established today. They are considered as pioneers of good governance practices since they are 'owned' by the State.

World over many initiatives have been taken to improve management and performance of SOEs. The fundamental premise is that a distinction needs to be recognized between ownership and governance. Organization for Economic Co-operation and Development (OECD) issued guidelines on Corporate Governance of SOEs (revised in 2015) which inter-alia included recommendations on clarity on role of the State as an owner, strengthening the mandate of Board of SOEs, separation of role of the State as an Owner & as a Regulator and promoting transparency through adequate disclosures & reporting. In line with the international trends, there is a need to address a range of reforms required for improving the performance, management and governance of SOEs.

Against the backdrop of revised OECD guidelines and recognizing the need for reforms in the SOEs across the globe, 8th Meeting of the Asia Network on Corporate Governance of SOEs was held in Hanoi, Vietnam in November 2015 where many Asian countries, including India, China, Bhutan, Pakistan, Vietnam, Korea, Myanmar, Philippines, Indonesia, Singapore and Malaysia, participated. The theme of the Network was 'Performance Management of SOEs'. SCOPE had the privilege to participate in the Network which focused on current SOE Corporate Governance policy frameworks & practices and benchmarking these against good international practices.The Network Participants gained an insight into SOE systems and practices prevalent in various countries across the globe. The Network also reaffirmed that the SOEs have been and would continue to play a strategic & pivotal role in the growth and competitiveness of economies.

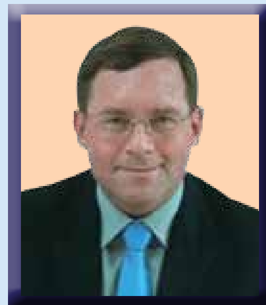
Amongst other reforms, a few Asian countries have formulated performance evaluation systems through contracts, agreements or memorandums which are usually signed between ownership entity and executive management. These have facilitated enhanced autonomy and have strengthened accountability of SOE managers. India is also not lagging behind and continuous reforms are being undertaken to address the challenges being faced by Indian SOEs. However, a lot more needs to be done to empower SOEs world over including India so as to enable them to play a more meaningful role in their respective economies.

In continuation with our endeavour to identify concerns and areas for improvement, we believe that corporate governance has become a very important area for all companies across the world. SOEs, not only in India but internationally, form the cornerstone and pioneers for good governance practices. In our attempt to create awareness about the international good corporate governance practices prevailing in many countries, we considered it appropriate to dedicate our journal on 'Global SOE Reforms and Performance Evaluation Systems'. This issue of Kaleidoscope highlights the good practices of our regional peers which include enhancing Board effectiveness, improving performance management system, promoting transparency &accountability and also a need to have a clear Ownership policy. We hope this will be useful to policymakers, corporates and academicians who are involved or share active interest in the functioning and continuous up gradation of policies and regulations relevant to SOEs across the world.

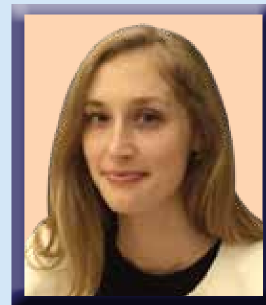
(R. G. Rajan)
Chairman, SCOPE

Performance & Evaluation of State-Owned Enterprises:

Global Standards & Reform Trends



Hans Christiansen
Senior Economist
Corporate Affairs Division
Directorate for Financial and Enterprise Affairs, OECD



Korin Kane
Policy Analyst, Corporate Affairs Division, Directorate for Financial and Enterprise Affairs,
OECD

State-owned enterprises are often accused of under-performing compared to their private sector peers. But can we really compare the performance of state and privately-owned companies when the two often have intrinsically different objectives? Moreover, when a multitude of state and corporate organs are involved at various levels in overseeing, regulating and managing SOEs, who should be responsible for monitoring performance and incentivising management? And finally, should governments undertake performance evaluation and management "top-down", or mostly rely on boards of directors acting under delegated authority? This article weighs in on the debate by giving an overview of some of the key tenets of OECD standards that are relevant to SOE performance evaluation, highlighting international reform trendsin this respect and then taking a look at how emerging practices in performance evaluation and management of SOEs in Asia compare.

The OECD model for corporate governance of SOEs: Making decisions at the right level

Among the oft-cited reasons for SOEs' under-performance are contradictory or imprecise objectives, insufficient oversightand poorly attributed accountability for performance. It naturally follows from this that improving SOEs' performance must first begin with establishing clear performance objectives – be they financial or non-financial –and then assigning responsibilities among state and corporate organs for monitoring their achievement. If SOEs are expected to pursue objectives other than profit maximisation – and indeed they usually are; this is often why the state owns them – then the state should be crystal clear about what these objectives are, and ensure that SOEs are adequately compensated for achieving them.

A recurring challenge, however,is that the "state" in its relation to SOEs is not a discrete entity with singular motives, but rather a collective of public institutions tasked with sometimes opposing objectives. Theoretically this need not be an issue: for example, a regulatory agency can very well fix prices in the electricity sector while a ministry of finance communicates dividend expectations toa state-owned electricity company (these objectives are not perfectly aligned, but they can very well co-exist). Problems arise when the same public institution holds conflicting objectives, for example regulating SOEs in a particular sector while being responsible for, and directly benefitting from, their profitability. Similarly, achieving clarity of objectives can be an elusive goal when SOEs' corporate organs are beholden to opposing interests, for example when boards are so dominated by public officials that key corporate decisions are motivated more by political ends than

Figure 1. OECD "model" for SOE governance: Making decisions at the appropriate level

by clearly defined performance objectives.

The *OECD Guidelines on Corporate Governance of SOEs* ("SOE Guidelines") were developed in 2005 (and revised in 2015) to help governments respond to these and other governance challenges that are specific to SOEs. They were developed jointly by more than 40 countries and embody a shared view of what constitutes best practice. The Guidelines provide a blueprint for what can be considered sound ownership, regulatory and corporate governance arrangements for SOEs – thus forming the basis for effective andwell-structured performance monitoring systems[I] .

The governance "model" underpinning the SOE Guidelinesfocuses strongly on ensuring that decisions are made at the appropriate level. According to this model, the government as a whole should beresponsible for developing a state ownership policy, the ownership entity for defining the objectives of individual SOEs,boards of directors for supervising and monitoring management and management for running the daily operations of SOEs (Figure 1). Independent regulation – not overseen by the same ministries responsible for the state ownership function – should be in place to prevent conflicts of interest and ensure a level regulatory playing field between SOEs and private competitors.

It follows from this governance model that the state ownership functionshould set clear objectives for individual SOEs, monitor progress against quantifiable targets and make this information public. Box 1 provides a summary of what is considered good practice for the objectives setting and performance monitoring process, which is the subject of the 2010 OECD guidebook Accountability and Transparency: A Guide for State Ownership[II].

Box 1: Setting SOEs' objectives and monitoring performance

• Setting objectives. The state ownership entity should set clear objectives for individual SOEs, in consultation with the SOE boards. Objectives should outline the state's expectations for SOEs' financial and non-financial performance, and include related performance indicators.

• Reviewing performance. A performance review should be undertaken against the key performance indicators agreed during the objectives setting. Performance reviews can take place on an ongoing basis, but should not place excessive disclosure burdens on SOEs as compared to private competitors. In this respect, some countries opt for a "no surprises" policy, instructing SOE boards of directors to ensure the state is well informed in advance of any major changes that would impact the state as shareholder, for example major restructurings, health and safety issues or the dismissal of CEOs.

• Auditing performance results. Internal, external and state auditors each play a role in monitoring SOEs' performance, respectively overseeing SOEs' internal control systems, verifying the credibility of their financial statements, and examining their use of public funds.

• Reporting on performance. To end the cycle, disclosure should be undertaken at both the company level – according to internationally recognised accounting and disclosure standards – and at the aggregate level. Aggregate reports developed by the state could include the results of the performance reviews.

OECD (2010): Accountability and Transparency: A Guide for State Ownership, OECD, Paris.

Problems arise when the same public institution holds conflicting objectives, for example regulating SOEs in a particular sector while being responsible for, and directly benefitting from, their profitability. Similarly, achieving clarity of objectives can be an elusive goal when SOEs' corporate organs are beholden to opposing interests...

Towards improved transparency and accountability: Global trends in state-owned enterprise reform

Over the past decade since the SOE Guidelines were first developed, many governments have used them as a guidepost for national reforms[III]. As regards practices relevant to performance monitoring, reforms inthree areas have arguably gone the farthest toward promoting best practices:

• **Clarification ofthe objectives for state ownership**. Many OECD countries have clarified the overall objectives of state ownership through the publication of state ownership policies, representing a whole-of-government view of why the state owns commercial enterprises and what it expects them to deliver. Clear ownership policies have provided a foundation for defining the specific financial and non-financial objectives of individual SOEs, which are often laid out in objectives documents negotiated between state ownership entities and SOE boards. In New Zealand, for example, a statement of corporate intent is negotiated between shareholding ministers and SOE boards as part of the business planning cycle. Objectives documents provide a clear basis against which to monitor performance.

• **Improved reporting practices**. Many countries have either adopted a system of aggregate reporting on the SOE sector, or have improved disclosure practices by expanding the scope of their aggregate reports. In France for example, the state ownership entity (Agence des Participations de l'État), following its establishment in 2004, began producing an annual aggregate report that includes consolidated financial performance information on the SOE sector as a whole but also company-specific reporting, for example on the remuneration of the board chair and members. The quality of aggregate reports often reflects the level of corporatisation of the SOE sector (and the resultant disclosure requirements) and the quality of national acccounting and auditing standards. For example, when all SOEs are incorporated and respect international accounting standards, this greatly facilitates the production of high quality aggregate reports.

• **Centralisation and professionalisation of the state ownership function**. There has been a clear trend towards a centralisation and "professionalisation" of the state ownership function in OECD countries, arguably facilitating parallel improvements in objectives-setting and reporting practices. In some cases, the ownership function has been centralised in acabinet-level unit. In other cases, while sectoral ministries maintain portfolios of SOEs, a coordinating agency (or another ministry, usually a ministry of finance) with non-trivial powers is in place, often tasked with monitoring SOEs' performance and advising sectoral ministries on key matters such as board nomination.For example, at the time of Chile's accession to the OECD its state ownership rights were shared between the Ministry of Finance and an ownership unit (the Public Enterprise System, SEP), the latter fulfilling key ownership functions such as representing the state in shareholder meetings and nominating SOE board members. The SEP has gradually taken on a stronger ownership role, although a number of economically important SOEs remain outside of its purview. It should be noted that centralisation is often a by-product of divestment. As governments' SOE portfolios shrink, they may deem it more fiscally efficient to centralise oversight in one agency equipped with the appropriate skills and expertise.

Spotlight on Asia: SOE performance management and the path towards reform

As part of broader reforms to state ownership and governance arrangements, a number of countries around the world – including notably in Asia – have alsointroducedso-called performance managementsystems for SOEs. These trends were discussed by the OECD Network on Corporate Governance of SOEs in Asia ("OECD-Asia SOE Network") at its 8th meeting in November 2015[iv] .

The characteristics of performance management systems in Asia vary, but they often include performance-based incentives for top executives or, less commonly, performance contracts signed between the state ownership function and SOE top executives. Usually performance management systems are overseen and administered directly by the state. These practices diverge somewhat from the principles underpinning the SOE Guidelines (introduced in Figure 1), wherein boards of directors are empowered to supervise and monitor management, with the state ownership agency monitoring enterprise performance at arms length and in a pre-determined manner. In many of the Asian countries that have performance management systems, ministries appear to be undertaking supervisory functions that would normally be the purview of the corporate board in a private company (or, indeed, the purview of an SOE board in a country with a highly corporatised SOE sector).

The divergence between what is considered "good practice" and what is actually in practice in a number of Asian countries arguably has to do with a country's position in the path towards reform. The SOE Guidelines represent an aspirational end-goal in the process of reform.They are also an "integrated" instrument, meaning that the implementation of recommendations in one area is often dependent upon the implementation of recommendations in another area. The path towards their full implementation therefore requires a prioritisation of reforms based on national context. Moreover, in many Asian economies, SOE boards are not yet entrusted with the full range of responsibilities necessary to fulfill the functions of monitoring and providing strategic guidance to management. In many cases, boards are by-passed by line ministries for key corporate decisions such as CEO appointment. In some cases, boards are dominated by state representatives, making them essentially extensions of ministries.

Putting in place the "right" governance framework for SOEs – and ultimately bringing performance evaluation systems in line with international good practice – will therefore require a range of broader reforms to the state ownership architecture. Among those reforms, perhaps those of the highest priority are to further clarify SOEs' objectives, to corporatise those SOEs with primarily commercial purposes and to better define the respective roles of the state and corporate organs involved in regulating, governing and managing SOEs. The OECD stands ready to continue working with governments in Asia as they move forward with their ambitious SOE reform agendas.

I OECD (2015), *Guidelines on Corporate Governance of State-Owned Enterprises*, OECD, Paris. http://www.oecd-ilibrary.org/governance/oecd-guidelines-on-corporate-governance-of-state-owned-enterprises-2015_9789264244160-en

II OECD (2010), *Accountability and Transparency: A Guide for State Ownership*, OECD, Paris.

III OECD (2011), *Corporate Governance of State-Owned Enterprises: Change and Reform in OECD Countries since 2005*, OECD, Paris.

IV OECD (forthcoming) *State-Owned Enterprises in Asia: National Practices for Performance Evaluation and Management*, OECD-Asia SOE Network, OECD, Paris. For more information about the OECD-Asia SOE Network, visit: http://www.oecd.org/daf/ca/corporategovernanceofstate-ownedenterprisesinasia.htm.

Reforms in Indian Public Sector Enterprises

Dr. U. D. Choubey
Director General, SCOPE

A fascinating growth story has been unfolding over the last two decades for India. The country has come a long way to be regarded as one of the fastest growing and most promising economies of the world. The ongoing and the fast paced growth is being continuously fuelled by rapidly developing services and the manufacturing sectors, increasing consumer demand and the Government commitment to rejuvenate growth in the economy by virtue of economic and social reforms. The fact that this growth has come at a time when the globe was marked by recessed economies speaks volumes about the strong economic foundation of the country of which Central Public Sector Enterprises (CPSEs) form the most important ingredient.

The role and significance of the Public Sector in Indian economy can be understood from the fact that it has emerged as a catalyst. It was created as a growth impetus for achieving faster, sustainable and inclusive growth in the long term. Public Sector's sustained contribution to the economy, since its inception, has been instrumental in building basic industrial and infrastructure base and achieving technological prowess. This has enabled India to emerge as a potential economic superpower. Today, the Public Sector Enterprises (PSEs) are leaders with significant market share in sectors like petroleum, mining, power generation & transmission, nuclear energy, heavy engineering, aviation, shipping, trading, telecommunication, and public distribution. Besides supporting the government in meeting its planned development targets, global forays by some PSEs have also helped in creating a 'Brand India' image abroad.

Over six decades of their journey, the PSEs have shown remarkable resilience and adaptability while emerging as growth engines of the economic development of the country. It amply indicates their inherent strength and vitality in meeting rising competition as well as India's development aspirations.

Today, the country more than ever, needs to urgently build its infrastructure, increase investment and savings, create more employment opportunities and provide quality life for its growing millions. The public sector has proven its utility, significance and need in building India's future growth capabilities. It has also displayed commensurate strengths and competitiveness following various reforms which include:

- MoU System
- Categorisation of PSEs-Maharatna, Navratna & Miniratna
- Performance Management System
- Regulations of Securities and Exchange Board of India.
- Directives on Corporate Governance and Corporate Social Responsibility (CSR)
- Right to Information Act
- New Companies Act

However, despite of slew of reforms, there still remain some issues of empowerment and functional autonomy that need to be timely addressed for generating huge investments to propel the country on a strong growth path. These investments have to be made in expansion, building infrastructure, acquisitions & mergers and technological advancements. The PSEs need to be vested with required autonomy and powers to improve governance and protect interest of all the stakeholders including government. Earlier, reforms have already provided some degree of financial autonomy. However, time is come to 'completely unshackle' the Public Sector by greater empowerment. Some of the key issues faced by PSEs have been discussed as follows:

Professionalization and Empowerment of Boards

Corporate world, has witnessed continued pressure for professionalization of Boards to reflect better performance. Further, emerging issues of Corporate Governance and Sustainable Development, call for the transformation of PSEs into truly professional enterprises.

A professionally run organization having competent board and full operational autonomy can perform optimally and its members can be held accountable through a structured performance evaluation system. The Board of PSEs should be fully empowered to decide Vision, Strategy and all Corporate decisions to speed up decision-making with respect to investment, mergers & acquisitions, JVs, etc. Boards should be given freedom to decide Performance-Related Pay (PRP) structure to attract and retain talent to enhance professionalism of the boards and thus governance.

The existing level of investment limit of Maharatna & Navratna CPSEs should be enhanced. Autonomy is also needed for hiring expert knowledge partner/ technology in niche areas from international institutions/experts based on quality and capability rather than lowest bid. The issue of approval of foreign travel of CMDs/Functional Directors need to be simplified in view of global operations of the CPSEs.

Article 12 of the Constitution

PSEs are 'State' in terms of Article 12 of the Constitution of India. The very objective of creating PSEs as separate legal entities under the Companies Act was that these enterprises operate independently as commercial entities. Being defined as 'State', PSEs are subject to the same requirements as applicable to a Government Department and hence are required to comply with multiple checks and balances, including:

- Parliamentary Accountability
- MoU System
- Performance Review by Administrative Ministry
- CAG Audit
- Compliance with Central Vigilance Commission Requirements
- Right to Information Act, etc.

Such complex and multiplicity of regulations have sometimes delayed decision making process, strategy building, resource allocation and programme implementation, resulting in sub-optimal performance and diffused set of goals.

Selection and Tenure of Board of Directors

A competent and qualified board of directors having efficient and effective chief executive are imperatives for running a PSE optimally and efficiently. The top management of PSEs is generally appointed for a (maximum) one time tenure of 3 to 5 years. However, at times, the change in leadership happens within a year or even within a month leading to instability in policies and lack of focus on effective implementation. With such frequent changes in leadership, enough time is left to effectively implement or plan the implementation of the interventions and hence, focus is limited to devising systems alone. Hence, a fixed tenure to improve accountability, transparency and efficiency is a major concern which requires immediate attention.

Further, there is a need to have succession planning so as to ensure appropriate implementation of planned systems and necessary motivational factors for sustainable development. In case of appointment of Independent Directors, it is necessary to ensure that only such people should be inducted who posses relevant experience and expertise useful to the organization. Chairman of the concerned PSEs should help the Search Committee in selection of appointment of Independent Directors. There is also a need for implementation of mechanism for annual performance appraisal of Independent Directors.

Capacity Building

Capacity building in PSEs is important and has become a game changer in the current market environment. A real challenge for any company including PSEs, is to fill knowledge gap at the top level, both the board as well as senior management. Capacity building of the Board Members and Senior Managers and to continuously keep preparing them for dealing with emerging challenges, is of utmost importance for a company to sustain its competitiveness and growth. As of now, there does not appear to be any practice of engaging in an ongoing process of training for the board members. Unless conscious efforts are made at the board level, to fill knowledge gaps (through training and development programmes) it may become a huge lacuna for the directors in effectively discharging their duties.

Moreover, Public Sector Boards have a unique but complex structure. They have three different classes of Directors – Functional Directors, Government Nominee Directors and Independent Directors. They come with different qualifications, experience, working environment or background/ areas. Functional Directors have domain expertise but lack interconnectivity to meet transition from working level to Functional Director level. Government Nominee Directors come from privilege position and pursue the political and social agenda. They have a gap with the working level people. Similarly, Independent Directors need not necessarily possess the company's domain expertise. Therefore, all the three classes need induction training.

Enhancing Global Competitiveness

PSEs role is crucial in generating foreign exchange earnings for the nation. Prowess of CPSEs calls for more exposure in international fora. There is need to promote CPSEs at international arena in government's economic diplomacy. This could be done by inclusion of top executives of CPSEs in international economic and financial trade interactions and technology negotiations etc.

Listing on International Stock Exchanges

More and more PSEs should be encouraged for listing on stock exchanges. To ensure their global visibility, listing of companies at prestigious London Stock Exchange or NASDAQ should be considered. This would help them access global financial and other markets more quickly.

Revival of Financially Stressed PSEs

Speedy decision for revival on revival package or closure of unviable units – within a definite time frame is required. Making available funds for investment, expansion and technological upgradation is also needed to reduce incidences of loss-making and sickness. In addition, Land Bank available with sick PSEs may be allowed to be re-developed commercially to help these PSEs in their business development. There is also need for pay protection of employees of profit making PSEs moving to loss making PSEs. This will help in improving overall performance of the public sector.

Convergence on CSR Initiatives

Corporate Social Responsibility (CSR) has been recognized as an important aspect of effective corporate governance and for ensuring inclusive growth. Recent developments worldwide have demonstrated the need for compromising profitability for achieving inclusive growth and social development as a more desirable and sustainable objective. The Indian Public Sector has adopted triple bottom line of People, Planet and Profit as a guiding principle for all its activities and thus gives high priority to its adherence to the ideals of CSR. Most of the PSEs go beyond the prescribed CSR goals.

Given the massive funds being earmarked for CSR initiatives and likely problems of effective and judicious implementation, the public sector would like a convergence approach towards all CSR initiatives. A convergence approach would entail:

• Taking a Macro view of all the CSR activities being undertaken by PSEs;

• Stringent mechanism for selection of agencies, NGOs etc., for implementing CSR activities;

Proper regulation of implementing agencies through RTI, CAG or any other mechanism to ensure judicious utilization of CSR funds. As NGOs do not fall under the ambit of government auditing and RTI, some suitable mechanism need to be worked out.

Single Window Mechanism for Project Clearances

A single-window mechanism can be worked out by which the projects, where investments have to be made by CPSEs can be fast tracked to remove the hurdles. Given the dominant government shareholding, it is logical that the PSEs are given the leverage/special consideration and single window clearances on projects, especially large ones, so that the pace of development is expedited.

Issue of Subsidy

There is a need to free the public sector from performing fiscal responsibilities of providing subsidies. While subsidies in pursuance of public policies are fully justified to help the poorer segments of the society by means of administered pricing policies, it needs to be recognized that these have to be borne by the fiscal system and not by commercially and financially accountable enterprises.

Clear Ownership Policy

The Public Sector today faces unlimited opportunities as well as challenges of rising competition, and therefore needs an enabling environment along with greater empowerment and autonomy for effective commercial operations. Some positive steps have been taken in this direction, particularly over last one decade. However, the changing economic paradigm calls for further enhancement of autonomy and empowerment. The OECD Working Group's recommendation on the role of government as an owner as well as various Expert Committees set up by the government from time to time have called for segregating ownership, control and management roles in order to empower the PSEs for sustained development.

A well-documented Ownership Policy with clear segregation of role and responsibility with regard to ownership, control and management helps government to avoid the usual pitfalls of passive ownership and excessive interferences emanating from multiple and contradictory objectives. It will define the ownership function of State and would help in minimizing their control and interference in day-to-day commercial decision making, thereby providing greater powers to Boards. In this regard OECD has also opined that the government should develop and issue ownership policy which defines the overall objective of State Ownership, the States Role in Corporate Governance and Public Sector Enterprises and how it will implement its ownership policy.

Failure of Free-market forces brought a shift in the mindset of policy holders towards ownership policy where consideration moved from private capitalism to State capitalism. World-wide trend in Corporate Governance witnessed a remarkable change such as:

• Sovereign Wealth Fund is created through Independent Committee to have State equity in domestic as well as international enterprises.

• Relinquishing interference from Administrative Ministry

• Independent Nomination Committee selects Independent Directors

• Practice of Government Nominee Directors is being done away with

Given current scenarios for economic development in the global economy, this trend is expected to continue. In line with the international trends, a clear distinction needs to be made for separation of ownership and governance in public sector enterprises, which is a basic premise for good governance. India can also work on similar lines to develop a Model suitable to Indian conditions.

This can be on the lines of Temasek of Singapore or SASAC of China or Khazanah of Malaysia. This would help in developing a well defined structure for investment in PSEs and Single Authority/ single point control for streamlined regulation leading to quick decision-making and greater efficiency. A self reliant and self generating Public Sector is good for our economy. Despite a myriad of challenges faced by PSEs, they have performed exceedingly well in all parameters of performance. Further reforms in PSEs can result in enhancing their contribution to various stakeholders as well as for the betterment of all citizens especially the poor and marginalized.

SCOPE, on its part is fully committed to enable PSEs to reach higher echelons of excellence in PSEs.

SOE Reforms and Governance in China

- Han Jun

State-owned Assets Supervision and Administration Commission of the State Council (SASAC) performs investor's responsibilities, supervises and manages the state-owned assets of the enterprises under the supervision of the Central Government in China (excluding financial enterprises). It also enhances the management of the state-owned assets in the country. SASAC has described SOE related reforms in China, formation & functions of SASAC and Risk Management in SOEs in China in the form of a questionnaire. The same has been reproduced below for our readers.

Part 1: The following questions relate only to SOEs that are pursuing entirely or mostly commercial objectives in economic markets

1. Please describe how the ownership function is placed within your state administration, and check below as appropriate.If more than one may apply, please check "hybrid model" and explain.

Check	Ownership Model
√	One centralised ownership agency, holding company or government ministry, exclusively performing the role of ownership.
	A small number of ownership agencies, holding companies, privatisation agencies or similar bodiesowning portfolios of SOEs separately.
	A coordinating agency with non-trivial powers over SOEs formally held by other ministries[1]
	One designated government ministry (whose principal responsibilities go beyond the ownership function.) .
	"Dual ownership": two ministries or other high-level public institutions jointly exercise the ownership[2].
	"Dispersed ownership": a large number of government ministries or other high-level public institutions exercise ownership rights over SOEs (in the absence of a coordinating agency)
	"Hybrid model": combining some of the above features.

Note: *According to the Law on the State-Owned Assets of Enterprises* (2008) *and Interim Regulations on Supervision and Management of State-owned Assets of Enterprises* (2003), state-owned assets supervision and administration authorities at all levels are the main bodies which perform investor's responsibilities (i.e. ownership functions) to enterprises with state shares on behalf of their respective governments. At the central level, SASAC portfolio enterprises assume the majority in terms of total assets of central SOEs (financial institutions excluded).

P.S. : The basic three Laws and Regulations related to state ownership functions are Company

[1] For example a coordinating agency or specialised unit acting in an advisory capacity to shareholding ministries on technical and operational issues, in addition to being responsible for performance monitoring.

[2] This would be the case where different aspects of the ownership functions are allocated to different ministries – e.g. one ministry is responsible for financial performance and another for operations, or each ministry appoints a part of the board of directors.

Law of the People's Republic of China (2005 Revision) (hereinafter the Company Law), Law of the People's Republic of China on State-owned Assets in Enterprises (2008) (hereinafter the SOE Law) and Interim Regulations on Supervision and Management of State-owned Assets of Enterprises (2003) (hereinafter the Interim Regulations).

2. Describe, as relevant, the following

Please provide the name of the institution (agency, ministry, specialised unit[3], etc.) responsible for the ownership function, its legal form, mandate and responsibilities vis-a-vis government and parliament. If more than one body is involved, provide information for all.

Agency name: State-owned Assets Supervision and Administration Commission of the State Council (hereinafter the SASAC)

Legal form: According to the institutional reform plan of the State Council approved by the First Session of the Tenth National People's Congress and the *Notice of the State Council on the Setup of Institutions*, SASAC was established as a special ministry-level agency directly reporting to the State Council.

Mandate: Under the authorization of the State Council, SASAC performs investor's responsibilities (ownership functions) on behalf of the state.

SASAC responsibilities include:

1. Authorized by the State Council, in accordance with the Company Law and other administrative regulations, SASAC performs investor's responsibilities, supervises and manages the state-owned assets of the enterprises under the supervision of the Central Government (financial institutions excluded), and enhances the management of the state-owned assets.

2. SASAC shoulders the responsibility of supervising the preservation and increment of the value of the state-owned assets of the supervised enterprises; establishes and improves the index system of the preservation and increment of the value of the state-owned assets, and works out assessment criteria; supervises and administers the preservation and increment of the value of the state-owned assets of the supervised enterprises through statistics and auditing; and is responsible for the management work of wages and remuneration of the supervised enterprises and formulates policies regulating the income distribution of the top executives of the supervised enterprises and organizes implementation of the policies.

3. SASAC guides and pushes forward the reform and restructuring of state-owned enterprises, advances the establishment of modern enterprise system in SOEs, improves corporate governance, and propels the strategic adjustment of the layout and structure of the state economy.

4. SASAC appoints and removes the top executives of the supervised enterprises, and evaluates their performances through legal procedures and either grants rewards or inflicts punishments based on their performances; establishes corporate executive selection system in accordance with the requirements of the socialist market economy system and modern enterprise system, and improves incentives and restraints system for corporate management.

5. In accordance with related regulations, SASAC dispatches supervisory panels to the supervised enterprises on behalf of the state council and takes charge of daily management of the supervisory panels.

6. SASAC is responsible for organizing the supervised enterprises to turn the state-owned capital gains over to the state, participates in formulating management system and methods of the state-owned capital operational budget, and is responsible for working out the state-owned capital operational budget and final account and their implementation in accordance with related regulations.

7. SASAC is responsible for urging the supervised enterprises to carry out the guiding principles, policies, related laws and regulations and standards for safety production and inspects the results in accordance with the responsibilities as investor.

8. SASAC is responsible for the fundamental management of the state-owned assets of enterprises, works out draft laws and regulations on the

[3] If ownership is assigned to a specialised unit within a ministry, please provide information on how it links with the rest of the ministry.

management of the state-owned assets, establishes related rules and regulations and directs and supervises the management work of local state-owned assets according to law.

9. SASAC undertakes other tasks assigned by the State Council.

Relations to the government: China persists in the separation of government functions of social and public administration from the functions of investor of State-owned assets, the separation of government functions from enterprise management and the separation of ownership from management. The state-owned assets supervision and administration authorities shall not perform the functions of social and public administration which shall be assumed by the government. When needed, the State Council and local governments can authorize other departments or agencies to perform investor's responsibilities in state invested enterprises on behalf of respective governments.

- Please provide an overview of the portfolio of the ownership function (number of enterprises; approximate size; sectorial distribution). If more than one body is involved, provide information for all main ministries/institutions involved and their individual SOE portfolios.

Number of enterprises: SASAC directly performs investor's responsibilities to 112 non-financial central SOEs.

Approximate size: By the end of 2014, there are 38000 legal entities affiliated to the 112 central SOEs with total assets, sales revenues and profits before tax accounting for 38.7 trillion RMB, 25.1trillion RMB and 1.4 trillion RMB respectively.

Sector distribution: Petroleum and petrochemical, metallurgical, machinery, mining, electronics, military, electricity, chemical, building materials, construction, geological exploration, communications and transportation, warehousing, telecommunications, trade and etc.

- Which institution is responsible for the appointment of SOE board members? Where more than one body is involved, please describe how this responsibility is divided.

SASAC, on behalf of the State Council, shall be entitled to enjoy the capital proceeds, participate in making important decisions, choose managers and other rights as shareholders. According to relevant laws, administrative regulations and articles of association, SASAC shall appoint and remove Chairman, Deputy Chairmen and directors in wholly state-owned companies (Company Law); propose candidates for directorship to shareholder meeting or general assembly of shareholders of state-owned capital joint stock companies with either controlling or minority state shares (SOE Law).

- Do any of the ownership ministries/institutions exercise regulatory functions[4] ? If so, are these adequately separated from the ownership functions? By what means?

SASAC performs investor's responsibilities or ownership functions to SOEs, not social and public administration of the government. (Interim Regulations; SOE Law)

- Depending on the ownership arrangement and, if relevant, how are non-commercial objectives communicated to SOEs?

30+ years of SOE reform allows China's central SOEs, in overall, to gradually adapt themselves to international rules and market economy under which SOE have become autonomous market entities who can make independent business decisions and assume full responsibilities for profits and losses. Objectives such as environment protection, production safety and employment policy are determined at corporate level taking into account regulations formulated by relevant departments and corporate reality. In this regards, SOEs are not different from enterprises with other ownership nature.

- If ownership is considered to be "centralised" or "coordinated," are there any exceptions? If so, please describe. (For example, other commercial SOEs or state-owned bodies that are owned or coordinated outside the scope of centralised/coordinated ownership function.).

Departments, institutions, agencies in charge of SOEs include: (1) state-owned assets supervision

[4] In this context "regulatory functions" refers mostly to market regulation such as anti-trust, as well as sectorial rule-making and enforcement, for instance in the network industries.

and administration authorities with authorization from respective level of governments; (2) some line ministries/departments at the central and local level; (3) state-owned financial institutions are mainly indirectly owned by Ministry of Finance (hereinafter the MoF) through investment companies, but MoF is also the direct investor in some cases.

Non-financial central SOEs include 112 SASAC enterprises, 5 MoF enterprises (namely China Railway, China Post, China Tobacco, China Publishing Group, and China Arts and Entertainment Group) and enterprises affiliated to other central government departments. In 2013, total assets of all central SOEs were 48.6 trillion RMB, in which, 34.9 trillion RMB belongs to SASAC portfolio, 12 trillion RMB to MoF and 1.6 trillion RMB to other departments. The sales revenue reached 27.6 trillion RMB, in which, 24.2 trillion belongs to SASAC, 2.5 trillion to MoF, and 900 billion to other departments. Profits before tax hit 1.7 trillion RMB, in which, 1.3 trillion belongs to SASAC, 303.62 billion to MoF and 58.23 billion to other departments.

- If there is a "coordinating agency" with powers over SOEs formally held by other ministries, please describe the distribution of powers and competences among the agency and the ownership ministries.

- If there is a "dual" or "dispersed" or "hybrid" ownership model, how are powers are apportioned to each of the ministries/institutions? What do these powers entail?

Part 2: The following questions relate to SOEs that are operated in the public interest, e.g. to provide essential services or pursue sector policy goals

3. Does your jurisdiction have SOEs that are operated largely according to non-commercial objectives? (If yes, please provide examples.) Are such enterprises subject to a specific legal form? (If yes, please elaborate.)

4. Are non-commercial SOEs subject to the same ownership arrangements as the commercial SOEs as described in Part I above? If not:

- What parts of the general government are mostly charged with the ownership of non-commercial SOEs? Line ministries, specialised institutions?

- How are non-commercial SOEs regulated? Through monitoring of legal compliance, specialised regulatory bodies or through self-regulation?

Part 3: The following questions address the transparency and accountability requirements of the ownership function(s) of the state

5. Has an ownership policy for how the state exercises its ownership rights in all (or all commercial) SOEs been established? If so, has it been communicated to the public?

SOE related laws and regulations include the Law of the People's Republic of China on State-owned Assets in Enterprises (SOE Law) and Interim Regulations on Supervision and Management of State-owned Assets of Enterprises (Interim Regulations), both of which are available for public.

The SOE Law begins with *"This Law is enacted for the purpose of safeguarding the basic economic system of China, consolidating and expanding the State-owned economic sector, strengthening protection of State-owned assets, giving play to the leading role of the State-owned economic sector in the national economy, and promoting the development of the socialist market economy."*

Interim Regulations begins with *"These Regulations are formulated to establish a State-owned assets supervision and management system that suits the needs of socialist market economy, better run state-owned enterprises, push forward the strategic adjustment to the layout and structure of the state economy, develop and expand the state economy, and realize the preservation of and increase in the value of state-owned assets."*

6. Are objectives for individual SOEs set on a whole-of-government basis, or are they developed by individual ministries/institutions? Are they (apart from commercially sensitive information) publicly disclosed?

To perform investor's responsibilities in SOEs, safeguard the interests of an owner and hold itself accountable for the responsibilities to preserve and increase the value of state-owned assets, SASAC has formulated and released the Interim *Measures on Performance Assessment of Responsible Persons in Central SOEs*, and conducted annual and tenure assessment of performance delivered by central SOE leaders.

At the beginning of each appraisal cycle, SOE responsible persons, based on SASAC requirements and corporate plans and realities, and after benchmarking with domestic and global leaders in the same industry, will propose an annual or tenure performance target which will be filed to SASAC together with additional explanatory documents. SASAC, holding the principle of "one rule for one industry" and taking into account the macroeconomic atmosphere, lifecycle of the industry, real performance record of the SOE, will then review the proposal, and confirm the target after proper communications with SOEs. Finally, the Annual or Tenure Performance Responsibilities Letter (like a contract) will be signed by the responsible person of an SOE and SASAC Chairman or his/her plenipotentiary.

7. Does the state publish an annual aggregate report, informing of its portfolio of SOEs and their financial and non-financial performance? (If yes, please provide a copy or a web-link.)

SASAC annually publishes *Yearbook on China's State-owned Assets Supervision and Administration*. The Yearbook illustrates basic information of central SOEs as well as their key financial indicators, reform and development, significant projects implementation, international operations, innovation, IT technology application and corporate social responsibility. SASAC also quarterly releases operating information of its 112 portfolio central SOEs on its website. MoF monthly releases on its website the information regarding the key performance results of all state-owned and state-controlled non-financial enterprises.

8. How is sectorial regulation executed in the sectors where SOEs operate? How does the state ensure that the regulatory powers are executed separately from the ownership rights?

Other departments of the government formulate related regulations based on their mandated social and public administration functions. These regulations are applicable to all enterprises including SOEs, private enterprises and foreign enterprises.

State-owned assets supervision and administration authorities have been established at national, provincial and municipal levels, to perform investor's responsibilities in SOEs as special government agencies and institutionally separate state ownership functions from social and public administration functions. All levels of government strictly adhere to laws and regulations on state-owned assets management, persist in the separation of the functions of investor of State-owned assets from government functions of social and public administration, the separation of government functions from enterprise management and the separation of ownership from management. The state-owned assets supervision and administration authorities shall not perform the functions of social and public administration which shall be assumed by the government.

Part 4: The following questions address the history of recent reform (e.g. over the last 10-15 years) of each respondent country

9. Please describe in your own words the main changes in your government's exercise of ownership over SOEs. (If relevant, please provide concrete examples.) In particular:

- Have powers been centralised (or decentralised) through the creation (or abolishment) of an ownership agency, a holding company or a coordinating agency? If so, please provide details.

The government issued in 2003 the *Interim Regulations on Supervision and Management of State-owned Assets of Enterprises*, stipulating that the State Council represents the state in performing the responsibilities of investor in large state-owned enterprises, State-owned holding enterprises and enterprises with state-owned equity, which have a vital bearing on the lifeline of the national economy and state security, and in large State-owned enterprises, State-owned holding enterprises and enterprises with State-owned equity within such sectors as important infrastructure and natural resources. The State Council established SASAC which shall, under the authorization, perform the responsibilities of investor according to law, supervise and administer state-owned assets of enterprises according to law. The formulation of SASAC led to centralised supervision and management of non-financial SOEs at national level, and created a state-owned assets management system which combined rights with obligations and duties, and administers assets, personnel and other affairs in a parallel manner.

- Has the ownership role of one particular ministry been strengthened – for example by nominating one ministry as the main share-holding entity or strengthening the powers of one ministry within "dual" or "dispersed" ownership models. If so, please provide details.

10. If change has occurred, please provide a detailed description of the processes that occasioned. In particular:

- What main factors triggered the change and/or what were the perceived inefficiencies in the previous system that the authorities acted to remedy? Please include in your response political considerations as well as any concerns about administrative, regulatory and corporate efficiency that may have played a role.

Prior to 2003, several problems prevailed in SOE management. (1) Lack of distinction between the overlapped social and public administration functions and state ownership functions; (2) Instead of a centralised state owner, various aspects of ownership functions lie in State-owned Assets Management Administration, MoF, State Economic and Trade Commission, State Planning Commission and line ministries, none of which is truly accountable for SOEs performance. (3) Governments manage SOEs in an administrative manner under which SOE can hardly enjoy full autonomy in the market.

The government set up SASAC in 2003 to address the above problems. With authorization from the State Council, SASAC acts as a centralised state owner to non-financial SOEs at national level.

- Please describe in a few words the main steps involved in implementing the change. In particular, what, if any, obstacles to change had to be addressed and how were they dealt with?

China's SOE reform went through 3 phases:

In phase one (1978-1992), SOEs were introduced to the market through management empowerment and profit concession (proportionally retained in SOEs), and contracted responsibility system. However, reform was at micro level which hardly touched the macro state-owned assets management system.

Phase two (1993-2002), featuring a series of measures such as "grasping the big and letting go of the small", exit of troubled enterprises, splitting social functions, operation mechanism transformation, and setting up modern enterprise system, mainly targeted on problems arising from introducing SOEs to the market. These problems included unreasonable structure, unadapted institutions, heavy social and historic burdens and redundant personnels. In this phase, instead of centralisation, the central government separated various ownership rights in State-owned Assets Management Administration, MoF, State Economic and Trade Commission (SETC), State Planning Commission (SPC) and other line ministries. With MoF in charge of assets management, SPC in charge of investment and SETC in charge of daily operations, SOEs had to take orders from multiple departments.

Phase three (2003 till now) marked the new framework of state-owned assets management system in which state-owned assets supervision and administration authorities were established at national, provincial and municipal levels as special agencies to perform the role of state owner representatives according to law. It also managed to structurally separate state ownership functions from social and public administration functions in the governments, and created a favourable institutional environment for SOE reform and development.

- In your assessment, what have been the main benefits (or drawbacks) of the change that has taken place. Please address the issues of (1) transparency and accountability; (2) regulation; (3) administrative efficiency; and (4) corporate performance.

Since SASAC was founded in 2003, administrative departments, instead of directly running SOEs, have played better roles in performing social and public administrative functions as well as creating a level playing field for economic entities with all kind of ownership natures. A multiple-headed or dispersed ownership model has been transformed to a centralised one where integrated and optimal allocation resources can be achieved. Ownership-based pattern which replaced administrative management pattern allowed SOEs to become autonomous market entities.

At the same time, we saw constant development in the overall capacity of state economy, and the continuous improvement in its layout and structure. State economy has been playing a more and more important role in national economic and social development. From 2003 to 2014, SASAC portfolio SOEs had enjoyed rapid and healthy development. Their total assets increased from 8.32 trillion RMB to 38.7 trillion RMB, sale revenues from 4.47 trillion RMB to 25.1 trillion RMB, total profit before tax from 206.83 billion RMB to 984.99 billion RMB, and tax contribution increased from 361.99 billion RMB to 2.1 trillion RMB. In 2014, 47 central SOEs were listed among the Fortune Global 500, 41 more than that of 2003. In the past 12 years, management institutions of central SOEs have undergone profound changes, with improved layout and structure, and strengthened vitality and competitiveness. SOEs, with enhanced controlling force and influence in national economy, became more important in economic and social development.

SASAC Answers to the Risk Governance Questionnaire

Questions

The questionnaire is divided into three parts: (I) the legal and regulatory framework applicable to SOE risk governance; (II) risk management in practice at the level of the SOE; and (III) risk management in practice at the level of the State. Respondents are encouraged to provide additional information and background documentation wherever available.

I. The legal and regulatory framework applicable to SOE risk governance

1. Please briefly outline the various legal forms under which SOEs may be incorporated in your jurisdiction.

Legal forms of Chinese state-owned enterprise: a) Enterprises owned by the whole people is incorporated under Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People; b)Limited liability company & Joint stock company are incorporated under Company Law of the People's Republic of China (hereinafter the Company Law).

2. Which laws, regulations, and/or codes address risk management by SOEs engaged in economic activities? Do the rules for SOEs differ from private companies in like circumstances? Also, if the rules differ according to legal forms of the SOE, please provide details.

Three Laws and Regulations address risk management by SOEs engaged in economic activities: a) Law of the People's Republic of China on State-owned Assets in Enterprises. b) The Company Law. c) Interim Regulations on Supervision and Management of State-owned Assets of Enterprises.

Two main codes: a) The Basic Norms of Internal Control in Enterprises issued by five ministries/authorities of Chinese government, which are Ministry of Finance, China Securities Regulatory Commission, National Audit Office, China Banking Regulatory Commission, and China Insurance Regulatory Commission. b) Overall Risk Management Guidelines of Central SOEs (hereinafter the Guidelines) issued by SASAC.

3. Do these requirements apply to risk management in the general sense, or are they limited to the management of "material risk" (or some similar definition)? Please provide details, including the definition of materiality, if such a definition exists in your jurisdiction and applies in this context.

These regulations apply to risk management in the general sense, not only limited to the management of "material risk".

II. Risk management in practice at the level of the SOE

4. Please describe the requirements to which SOE boards of directors (if necessary broken down by the legal forms of SOEs) are subject in terms of the "duty of care". Is this duty specified vis-a-vis the owners, the company, or both?

These requirements are described in the Article 148(1) of the Company Law, "The directors, supervisors and senior managers shall comply with laws, administrative regulations and articles of association. They shall bear the obligations of fidelity and diligence to the company". The Guidelines required that "Central SOEs should implement the Guidelines according to their own conditions. For wholly state owned companies, the board is responsible for monitoring the implementation of the Guidelines, as for majority state owned enterprises, SASAC or directors nominated by SASAC will monitor the implementation of the Guidelines through shareholders' meeting and

the board according to legal procedures. Above duties are mainly addressed to SOEs.

5. Are SOE boards in your jurisdiction required to establish, or oversee the establishment of, internal risk management systems? If so, please provide an explanation of the scope of risks addressed by such systems. Please also specify whether these requirements differ from those assigned to privately owned companies. If there are no formal requirements, have SOEs (or some SOEs) nevertheless in practice implemented such practices?

The Company Law does not require all SOEs to establish or oversee the establishment of internal risk management system. However, most central SOEs have already established overall risk management system, covering all major risks, such as strategic risk, financial risk, market risk, operational risk, legal risk, investment risk and outbound business risk etc. Risk management responsibilities are extended along the accountability chain of three levels, i.e. the board of directors (including risk management committee), risk management department and various business units of the company, each of who shall implement risk control within its mandates.

6. Are SOEs required to establish specific board committees charged with overseeing risk management? If so, please provide details, including whether this requirement also applies to privately owned companies.

Recently, some SOEs have already established within the board the risk management committee charged with establishing and overseeing risk management system, while for some other SOEs, it is the audit committee which shoulder the responsibility on the boards' behalf. It is not compulsory for SOEs to establish risk management committee in the board.

Those committees report to the board and share the same term as board members. The main responsibilities of such committees are as follows: draft risk management strategy and propose solutions; control, manage, oversee and assess risks in major decisions, important issues and core business processes. Usually, there are 3 to 5 members including one chairperson, among whom majority are non-executive. Above requirements may apply to private companies if they want to.

7. Regarding material risk factors: (i) how are they identified by the board; (ii) how are they reported to the board; (iii) how frequently are such reports made to the board; and (iv) under what laws, regulations or standards are such reports made? Where applicable, please specify where requirements for SOEs differ from those applicable to privately owned companies.

Most central SOEs have established regular risk assessment mechanism, and make risk assessment at least once a year, as required by the Guidelines. Usually at the end of each year, the risk management team in SOEs will organize risk assessment for the next year both at the headquarter level and subsidiaries level. The assessment is conducted based on the company's strategy and objectives, as well as the judgment on macro economy and market environment. The risk management team will develop a consolidated risk assessment report and identify major risks after analyzing the reports filed by various parties in this process. The annual report will be submitted to and reviewed by the executives meeting and finally approved by the board. Preventing risk is one of the major tasks of the board. Through establishing rules and procedures, hearing work report, the audit and risk management committees are deeply involved, so as to prevent, control and pre-assess major risks. The major operational risks are reported to the board by the risk management team on a regular basis.

8. Are SOEs required to, or do they in practice, employ risk officers or other specialised staff dealing with risk management? If so, please provide an explanation of the scope of risks assessed by those executing the risk management function, as well as an explanation of their reporting lines to executive management and/or the board.

SOEs are allowed and encouraged to establish risk control department and hire full time risk control managers. The responsibilities of risk control manager include: establish and maintain the risk management system on a dynamic basis, organize risk assessment, propose risk management strategies, define standard of, propose solutions to and closely monitor material risks, participate in risk assessment and decision-making on important issues, maintain risk management information system and compile risk management report.

Apart from full time risk management team, risk management responsibilities are also extended to every business unit so as to nip in the bud.

9. Please provide a practical example (or examples) of the internal risk management systems exercised by SOEs' executive management. Are the internal risk management systems assessed by an external auditor? By the SOEs' internal audit function?

Some central SOEs have established risk-oriented and internal control-based comprehensive risk management system. By mobilizing all employees to identify risks in the market and management process, they can spot the risky factors and weak links that may hinder the implementation of corporate strategy and business objectives. To that end, it is needed to figure out solutions, set warning indicators, designate special staff to monitor the risk dynamics and continue to sort out and improve the management system, work procedures and internal control.

SOEs are supposed to mobilize internal functions and business units to conduct internal risk management, or hire qualified, reputable and professional agencies to provide assistance.

III. Risk management in practice at the level of the State

10. How does the state ownership entity determine its risk tolerance level as regards its ownership stake in an SOE and/or for its stake in the authority's overall ownership portfolio?

Among SASAC portfolio SOEs, most are solely owned by the state and a small fraction have diversified shareholders. In either category, SASAC has been endeavoring to establish standardized corporate governance structure and give full play to the board in determining risk tolerance level.

11. How is risk tolerance communicated to individual SOEs? How does this differ in situations where the State has full ownership and where the State is not the sole owner (and hence not in a position to formally "mandate" the fulfilment of specific objectives)?

By compiling annual risk reports filed by SOEs, SASAC has a fair understanding of the implementation of risk management at the corporate level. Plus, through monthly bulletins on operational and financial conditions, SASAC can monitor the balance sheet, operation status and major risk events. When approaching or exceeding the risk tolerance level, SASAC, through Supervisory Panels, will take actions such as formal talks with corporate leaders and detailed surveillance on key aspects. For central SOEs that are not solely owned by the state, the measures above will be implemented through the board.

12. To what extent is the state ownership entity's risk tolerance level considered when setting target rates of return on SOEs' economic activities? Does the ownership entity set maximum leverage ratios for all or certain SOEs?

The major indicators in annual performance evaluation of central SOEs are total profit and EVA. When evaluating EVA, enterprises of different functions are designated differentiated capital return targets and risk control targets. SASAC will pay special attention to those industrial SOEs with leverage ratio over 70% and non-industrial SOEs with leverage ratio over 75%. Boards of above SOEs are required to strengthen their surveillance and control on debt risks.

13. Does the state ownership entity review SOEs' internal risk management systems? If so, how (i.e., through regular reporting requirements, regular discussions with the board and/or management, or on an ad hoc or exceptional basis)?

SASAC believes that the internal risk management system is part of autonomous operation and management of SOEs and thus the state owner generally shall not step in and evaluate SOE's internal risk management system. However, as an ownership agency, SOEs are required to strengthen risk assessment institutions, and improve regular and irregular "body check" mechanism. SASAC complies risk reports filed by central SOEs every year, analyzes common problems or trends and communicate them to the board, executives and supervisory panels. At the same time, SASAC also guides central SOEs to conduct self-evaluation and audit of internal control based on budget and final account audit of each SOE.

14. Regarding the state ownership entity's role in nominating directors to the board, what steps are taken to ensure that the board: (a) has sufficient

expertise to understand the risks incurred by the SOE, and (b) is sufficiently independent in order to adequately assess and address these risks?

When SASAC selects, appoints and dismisses board members, professional knowledge of candidates in risk management will be taken into full account. The board are required to establish audit committee or audit and risk management committee, who, mainly external directors, should be familiar with corporate management and business procedures, equipped with experiences in risk management and knowledge of laws and regulations. The board assume full autonomy in risk assessment, risk prevention, taking actions and making decisions concerning material risks.

15. Does the remuneration policy for SOE boards in your jurisdiction specifically address risk-taking by members of the board for the long- and medium-term interest of the SOE and its shareholders? If so, please provide details.

At present, in SASAC portfolio SOEs, executive board members are subject to annual and tenure incentive and restraint system. They are remunerated in accordance with SOE performance. The compensation of external directors is determined by shareholders' meeting, considering corporate size, market level of director compensation and the evaluation results of board members. As reform deepens, the evaluation and incentive measures for the board and board members will be further improved.

16. What is the role of the state audit agency with regard to risk management by SOEs and by the state with regards to its SOE portfolio?

The state audit agency mainly focuses on ex post supervision in SOE risk management. Sometimes, however, they also provide the ownership agency with ex anti professional opinions and advices in risk identification and institutional building. The state audit agency pays attention to authenticity, compliance and achievements financial transactions.

NEEPCO Celebrates 41st Foundation Day

Mr. Pradeep Kumar Pujari, Secretary, Ministry of Power addressing the employees.

The North Eastern Electric Power Corporation Ltd., (NEEPCO) celebrated its 41st Foundation Day at the Corporate Office, Shillong recently.

Mr. Pradeep Kumar Pujari, Secretary, Ministry of Power was the Chief Guest on the occasion. Addressing the gathering he congratulated the employees on 40 years of service to the nation and urged all employees to reaffirm their commitment to the Corporation to meet its objectives and targets for the future.

The NEEPCO flag was hoisted by Mr. P. C. Pankaj, CMD in the presence of Mr. A. G. West Kharkongor, D(F), Mr. S. Borgohain, D(P), Mr. V. K. Singh, D(T), other senior officials and employees. Performances by Pynter Orchestra, Genevieve Khongjee, Ms Ananya Dutta & Kumar Dhiraj enthralled the audience at the Cultural Show.

SOE Reforms in Pakistan

Shafaq Fauzil Azim
Manager- Advisory Services
Pakistan Institute of Corporate Governance (PICG)

Ownership and commitment to thestrategic policy making, transparency and growth of existing-State Owned Enterprises (SOEs) organting the private sector an opportunity to try their hand at reviving SOEs through privatization in a progressive environmentis astrategic decision that the government must make to move forward and ensure the sustainability of SOEs. Once rationale for ownership of SOEs is clearly defined by the government by way of a publically available ownership policy, only then can progress be made in bringing about meaningful reforms in the country.

Incorporation of an SOE is no different from any other joint stock company, however, SOEs enjoy an upper hand due to the fact that such companies have financial autonomy as they depend on the government for initial investment as well as sustainability by way of bail out packages in case of any deficit. These companies are autonomous in theory, however, due to political interference in their affairs these companies depend on bureaucracy. This is where corporate governance needs to come into play.

Incorporation of an SOE is no different from any other joint stock company, however, SOEs enjoy an upper hand due to the fact that such companies have financial autonomy as they depend on the government for initial investment as well as sustainability by way of bail out packages in case of any deficit.

Pakistan Institute of Corporate Governance (PICG) is a not-for-profit companycharged with promoting good corporate governance practices in Pakistan and is involved in research on corporate governance structures, processes and policies as well as board diversity and concentrated ownership structures. PICG is a member of the Public Sector Committee of The Institute of Chartered Accountants of Pakistan (ICAP)and has collaborated on research projects with ICAP, the Association of Chartered Certified Accountants (ACCA) and the Center for International Private Enterprise (CIPE). Despite Pakistan not being a member country of the Organization for Economic Cooperation and Development (OECD), PICG is invited to attend roundtable meetings of OECDs Asia Network on Corporate

Governance of State-Owned Enterprises, the most recent of which was held in November 2015, wherein PICG presented insights on SOE Government Reforms in Pakistan. OECD also appreciated and acknowledged PICG'scontribution to the revised OECD Guidelines on Corporate Governance of State-Owned Enterprises (2015 Edition).

Legal framework

Generally speaking, state-owned enterprises in Pakistan, likeelsewhere in the world, refer to those enterprisesthat are created, owned and/or controlled by the government in order to partake in social and commercial activities on the government's behalf. However, under the legal and regulatory framework in the country, only those SOEs that have been registered under the Companies Ordinance, 1984 fall under the category of "Public Sector Companies (PSCs)" that are monitored by the Securities and Exchange Commission of Pakistan (SECP). According to the Public Sector Companies (Corporate Governance) Rules, 2013 (Rules) a PSC is a company, whether public or private, which is directly or indirectly controlled, beneficially owned or one in which not less than fifty percent of the voting securities or voting powers are held by the Government or in respect of which the Government has otherwise power to elect, nominate or appoint majority of its directors. Hence, all SOEs that have been corporatized must comply with the requirements of theRules-but what happens to the other SOEs? This is where it becomes interesting.

SOEs in Pakistan fall under various categories in terms of their legal set up, structure and the bodies they report to. Besides the corporatized PSCs falling under the Companies Ordinance, 1984 mentioned above, there are SOEs enacted under Special Acts of the government [e.g. Pakistan National Shipping Corporation (PNSC), Pakistan International Airlines Corporation (PIA)]. Such Acts take precedence over other laws binding on the SOEs, despite the fact that some of them may also be corporatized under the same Ordinance. Lastly, there are a number of SOEs that do not belong to either of the above categories and report only to the relevant Ministries that they fall under. Hence, arises the need forharmonization of the legal formsunder which SOEs/PSCs operate and thecompletion of the corporatization process.

Designated line ministries, being the owners, are responsible for coordination of SOE affairs with the government, oversight of SOEs performance and ensuring adequate information disclosure practicesare in place;regulatory bodies set standards for operations at sector level; andthe Board of Directors are responsible for managing the overall strategic decision making and providing oversight to the operations of the enterprise; however, this is often subject to interference of their respective ministriesand the drawn out approval processes that often hampers the agility of commercial functions of SOEs.

The absence of publically available consolidated data or a central management information system on SOEs by the government, which could offer a comprehensive perspective on operational and financial performance, is a major constraint in the overall reform process as informed debates cannot take place between the various stakeholders and the government on the governance and operations of the SOEs.

Further, there is an operational distinction between SOEs under the Federal and Provincial Governments in that their results are not consolidated. The absence of publically available consolidated data or a central management information system on SOEs by the government, which could offer a comprehensive perspective on operational and financial performance, is a major constraint in the overall reform process as informed debates cannot take place between the various stakeholders and the government on the governance and operations of the SOEs. Instead, ownership and oversight is dispersed and fragmented with line Ministries who do not have a transparent policy framework or reporting structure on SOEs under their domain.

Reforms

In April 2006 the Government of Pakistan set up a National Commission for Government Reforms with a mandate to prepare proposals for governance reforms by reviewing the size and structure of the government, the processes and procedures in use, the governing rules and regulations, the current level of institutional capacity and the state of the public services with the objective of providing a modern, efficient and accountable system of governance on a sustainable basis[1]. Although the Commission formulated a set of principles pertaining to the operation of civil services, structure of Federal, Provincial and District Governments and business process re-engineering, etc., the principles do not necessarily address changes requiredto the overall control and ownership role of the government. Further, the implementation of these reforms depends, like always, on political interest and have yet to take form.

According to Dr. Shamshad Akhtar, currently Executive Secretary of the United Nations Economic and Social Commission for Asia and the Pacific,the government has taken some good initiatives but has yet to yield visible results. The Cabinet Committee on Restructuring has developed restructuring plans for few sectors: Power and Railways sectors and Pakistan International Airlines/ Pakistan Steel Mills but implementation has been weak; policy pronouncements have been made to professionalize boards of directors and induct professional management from the market; and a holding company of GENCOs was formed and independent professionals inducted on its board with policy intentions to transform other boards. These reforms are incomplete and implementation weak.[2]

One solid step in the right direction for Pakistan has been the implementation of the Rules that came into effect in August 2013,based on the Code of Corporate Governance issued by the SECP as well as on the recommendations contained in the Guidelines on Corporate Governance of State Owned Enterprisesissued by the OECD. PICG was part of a task force set up by the Ministry of Finance in 2010 to review the draft regulations and during this process PICG, in collaboration with CIPE, also held a conference on 'Governance and Board Effectiveness in Public Sector Enterprises' toencourage input from various stakeholders.

The Rules provide a regulatory mechanism for improving the

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[1] http://www.ncgr.gov.pk/

[2] Presentation on Pakistan Corporate Governance of State Owned Enterprises, Institute of Chartered Accountants of Pakistan - Karachi, May 3, 2012. http://www.icap.org.pk/ wp-content/ uploads/ cpd/ ppt/ corporate - govence presentation.pdf

governance of PSCs and enhance board effectiveness and empowerment through a range of measures such as:

- encouraginga majority of independent non-executive directors on the boards aimed at minimizing political interference in the management of PSCs;
- separating the role of the CEO and Chairman, increasing accountability and improving the board's capacity for decision making independent of management;
- appointment of board members and CEO subject to the fit and proper criteria laid down by the SECP based ontheir qualifications, experience and business expertise;
- appointment of CEO on the recommendation of the board of directors. The board will recommend three names and the government will appoint one of them;
- performing an annual evaluationof the board which is to be submitted to the government; and
- encouraging transparency through reporting and inclusion of minority shareholders.

A positive change within the public sector will depend upon the proper implementation and monitoring of these Rules. An assessment of how far this has been achieved so far is an agenda item on the terms of reference entrusted to the Task Force that finalized the Rules.To further gauge the extent of awareness and compliance with the Rules, PICG is currently carrying out a survey on "Board Practices of Public Sector Companies in Pakistan" to obtain feedback from PSC's on whether they are facing any issues in adopting the Rules in their entirety.

Monitoring performance

Line ministries, as representatives of the Federal Government, are required to take responsibility for performance evaluation and monitoring of SOEs, however, currently there is no formal monitoring and evaluation system in place. As a pilot study, in the power sector, Performance Contracts (PCs) were signed by the Ministry of Water & Power with electricity distribution companies (DISCOs) to set performance targets and evaluate performance there against. No consolidated report as a result thereof has been published by the Ministry, however, the concerned sector regulator, namely the National Electric Power Regulatory Authority (NEPRA), publishes an annual "State of the Industry Report"[3] on the overall performance of power sector.

According to the legislative framework in Pakistan, the reporting line for SOEs are their respective line ministries, however, in practice, there are several other layers for reporting and monitoring. According to a recent study[4] analyzing the current state of affairs of governance and operations of SOEs in Pakistan, the multiple layers of accountability with overlapping jurisdictions (including ministerial controls, parliamentary oversights, investigation agencies, judicial scrutiny, media investigations and regulatory agencies) enhance operational inefficiencies and creates confusion about public sector company's strategies and policies as well as contributes to the ineffectiveness of the accountability process and inhibits commercial decision making.

[3] http://www.nepra.org.pk/industryreports.htm

[4] Muhammad Naveed Iftikhar (2015), State-owned Enterprises in Pakistan: The Need for Corporate Governance and Private Investment, Islamabad: PRIME Institute.

Challenges and way forward

At the macro level the absence of an ownership policy and a clear strategy on SOE reforms as well as inconsistent legal frameworks create confusion and subject SOEs to varying laws, regulations and degrees of disclosure. Consequently, the government should complete the corporatization process and harmonize the legal forms under which PSCs operate to enhance overall transparency; and reporting systems should be put in place that allow an authority independent of the government to regularly monitor, audit and assess PSC performance and to keep a corporate scorecard of compliance with applicable governance standards. Furthermore, the government should avoid "bailing-out" SOEs in the form of equity injection, subsidies, grants, etc., so that they work towards being competitive, minimizing costs and searching for new and better ways of enhancing economic efficiency and innovation.

On the other hand, at enterprise level, lack of transparency in the nomination process of directors due to interference of the government negatively impacts the independence of boards. Appointment of independent non-executive directors adds value to the long term sustainability of SOEs and ensures the selection of aprofessional CEO relevant to the business. The appointment of the right CEO is keyto resuscitating the operations of a failing SOE and may be thecritical factor to its success.

Where no rationale exists for government ownership, or a shift to the private sector would result in more efficient operations, then the government should ensure the timely privatization of SOEs.

Where no rationale exists for government ownership, or a shift to the private sector would result in more efficient operations, then the government should ensure the timely privatization of SOEs. Privatization aims to strengthen the capital markets and reduce the financial burden imposed upon the government by SOEs by releasing resources for utilization. From January 1991 to September, 2015 the Privatization Commission (PC) completed 172 transactions for Rs648.954 billion.[5] In January 2016, the PC was awarded the 'The Asset Triple A Regional Deal Awards 2015"[6] for the Best Secondary Placement/Best Privatization for GoPprivatization of 41.5% stake in Habib Bank Limited. The PC also won awards in previous years for transactions in the banking sector, however, theresults have notalwaysbeen as promising in other sectors due to reasons such as ineffectiveness and poor quality of the boards, flawed public perceptions,weak regulatory structures,etc.

SOEs reforms cannot take-off unless there is a consensus that these enterprises are strategic state assets and the key stakeholders, i.e. the Government and the legislature in particular, recognize that they serve as custodian of these assets and are accountable to the public for negligence in policy and implementation.If reforms are adopted with complete political will, it may improve the image and popularity of the government.

A legal first step towards reforms has been taken in the form of the issuance of the Rules, however, success of the same will depend on an effective implementation strategy whereby compliance is regularly monitored and reviewed. With an ownership policy and independent board on one hand and transparency in the form of published reports on performance on the other, stakeholders would be informed enough to hold SOE's accountableand pressure them to carry out operations more efficientlyand in the best interests of the public at large.

Ms. Shafaq Fauzil Azim is working as Manager- Advisory Services at PICG. She is a Fellow Member of the Institute of Chartered Accountants of Pakistan and has experience in Quality and Risk Management, External and Internal Audits and has worked as a Manager at Ernst &Young Ford Rhodes SidatHyder.

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[5] Progress to date- Privatisation Commission, Government of Pakistan http://privatisation.gov.pk/?page_id=90

[6] http://privatisation.gov.pk/?p=2510

ARTICLE

Managing Performance Evaluation in the SOEs under DHI Umbrella in Bhutan

Dr. Damber S. Kharka
Director, Druk Holding and Investments, Bhutan

The Druk Holding and Investments (DHI), a government holding company in Bhutan that owns and manages majority of the state owned enterprises and holds government shares in many of the publically listed companies, has been initiating corporate governance and corporate performance management reforms over the last eight years since its establishment in November 2007. Whole purpose of establishing DHI was to improve corporate governance and subsequently the corporate performance in the SOEs and act as an investment arm of the state. Introduction of corporate governance practices in line with international good practices and implementation of performance management system called for initiation of structural reforms. Development and implementation of uniform guidelines applicable to companies that are different in terms of size, management complexity, industry representation and ownership structure was a challenge. This paper shares the experiences in managing the change from almost a government department type of management to a business entity with a performance culture. The main focus of this paper is the performance management reform initiatives undertaken by DHI and underscores that the success of introducing a new system is more certainwhen changes are introduced through a consultative process with the subsidiaries rather than imposing the changes on them.

Keywords: Bhutanese SOEs, Ownership Policy, Corporate Governance, Annual Compacts, Performance Management System.

Definition of SOEs in Bhutan

In Bhutan, any enterprise where the State is an investor is regarded as a state-owned enterprise. There were thirty SOEs in 2014. However, a few more SOEs were set up in late 2015 and early 2016 under the ownership of Ministry of Finance. Of the total SOEs, twenty are with Druk Holding and Investments (DHI) Limited that owns the shares on behalf of the state, while the rest are with the Ministry of Finance, Royal Government of Bhutan. Although SOEs are defined as the companies in which the state, either through Ministry of Finance or DHI has invested, there is a distinction between the companies that are fully owned and partially owned, particularly among those that are under the umbrella of the DHI. Companies where DHI is the sole shareholder or has 100% of the shares are termed as DHI Owned Companies (DOCs), those with majority of share holdings (greater than 50% and less

than 100%) are termed as DHI Controlled Companies (DCCs) and the rest where shareholding is less than 50% are called DHI Linked Companies (DLCs). Depending on the extent of shareholdings, the applicability of ownership policy, corporate governance code, performance management system and reporting requirement differ from company to company.

SOEs under DHI and the Governance Structure

DHI was established through a Royal Charter issued by His Majesty the King of Bhutan in 2007. As the state holding company, DHI owns and manages its assets with full commercial discretion and flexibility, including investment, divestment and business decisions under the guidance of its board. However, on major investments and divestments issues, the DHI consults its sole shareholder the Ministry of Finance. DHI ultimately has the responsibility to meet dividend obligations to the Ministry of Finance.All DHI owned and controlled companies are required to inform DHI, as the principal shareholder, on key business strategies, financial matters, major restructurings and on decisions that may have significant impact on the shareholder. On the reporting structure, the DOCs and DCCs are required to report more frequently and in more depth as per the DHI corporate governance code and ownership policy whereas DCLs with smaller DHIshareholdings report only on basic requirements as per The Companies Act of the Kingdom of Bhutan. With regard to statutory requirements and government policy related matters, the subsidiary companies interface directly with the government or statutory agencies, keeping DHI informed. As of now, DHI has 11 DOCs, 3 controlled companies, and 6 linked companies.The total net worth of DHI subsidiaries, inclusive of DOCs and DCCs, was Nu. 76 Billions at the end of 2014.

In terms of governance structure the Royal Charter guides the DHI. His Majesty the King appoints the Chairman of the DHI board, while the Blue Ribbon Panel (BRP), of which the DHI chair is also the chair, appoints the other board members. Including the chairman, the BRP consists of five ex-officio members comprising of the Chairman of the Royal Civil Service Commission, Secretary of Ministry of Finance, Secretary of Ministry of Economic Affairs and the Governor of the Central Bank. As per the Royal Charter DHI shall have seven to nine directors with a minimum of two independent directors representing the Bhutanese private sector and a minimum of two from the Civil Services to represent the government sector, including one from the Ministry of Finance. The Chief Executive Officer of the DHI sits as an executive board director on the board.

The DHI board, based on the shareholding pattern and predetermined selection criteria, appoints the board directors of its subsidiaries. As far as possible a proper representation of independent, non-independent, executive and non-executives directors is ensured in the selection and appointment process. Professional mix, gender mix and experience balances are some of the criteria considered in the board directors appointment process. The Corporate Performance Department (CPD), DHI maintains the list of siting directors in the different companies, including their basic information and gathers feedback on their performances. It also maintains a list of potential board directors and submits it to the DHI board enabling it to make decisions on retirement, reappointment, reshuffling and new appointment of directors in the different subsidiary boards. In DOCS, the DHI board appoints all directors whereas in DCCs and DLCs the number of directors to be appointed by the DHI is restricted to the percentage of its share holding. Except in the listed companies, where

DHI has very smallholding, the board size is kept between seven to nine directors as per the DHI Ownership Policy although The Companies Act of the Kingdom of Bhutan allows up to eleven directors in a board.

Performance Evaluation System of the SOES

DHI has developed a corporate performance management system aimed at providing the DHI companies a framework for periodic target setting, reviewing and linking performance to corporate incentives. DHI introduced a system of signing an Annual Compact with the subsidiary boards and the CEOs.

a. Compact Finalisation Process

The compact is a mutual performance agreement between the boards, CEOs and the shareholder (DHI).Itis negotiated and signed every December to set performance targetsfor the following year. The compact contains activities with clearly measurable targets to be accomplished during the year. Each target, be it quantitative or qualitative, is properly defined in terms of measurement process/formula, deadline and associated risk to avoid confusions during the performance evaluation time. Annual compactis the corporate level performance management system that covers target setting, monitoring andevaluating in performance areas of financials, customer service, corporate governance and policy directed targets. Key performance indicators (KPIs) are identified within the compact process for each company to focus on enhancing the performance of the companies.The system is designed in such a way that the annual compact defines the overall corporate level targets which are then cascaded down to different levels within each company (department, division, units) and ultimately define individual performance targetsand target achievements. The performance achievement is tied to performance-based rewards, including variable pay, annual bonus and other HR linkages such as capacity development, meritorious promotion, etc. As the authorised agency, the CPD, DHI provides technical backstopping to manage the performance system at the SOEs. Annual compact is drafted by the companies themselves, discussed and reviewedby their individual boards and further vetted by the CPD at DHI before it is submitted to the Board Committee for Performance Management (BCPM) for final discussion and finalisation. The BCPM is a joint board committee comprisingmembers from SOE boards including the CEO and representatives of the DHI board. This committee meets once in November/December to discuss and agree on the compact, once in August to review the half yearly performance and at the year-end to evaluate the annual performance. The CPD helps the BCPM to assess the technicality of proposed targets, collects reports, conducts field verification and continuously assesses the performance and periodically provides feedback to the SOEs and the BCPM. Every SOE has a unit that looks after the corporate performance systems and works closely with the CPD, DHI.

The CPD plays a critical role in ensuring fairness in target setting and performance evaluation of the SOEs. However, certified external auditors also play a role in verifying the final financial and even the non-financial performance information submitted by companies.The consolidated performance information is published annually as an Annual Report.

The performance evaluation and monitoring system is based on a Compact Guideline, a document developed by DHI for its portfolio companies. The Ownership Policy outlines and defines the monitoring and evaluating relationship of DHI with its subsidiaries. The CPD's sole task is to work with companies and company boards on the Annual compact's target setting, monitoring performance and evaluation on a quarterly basis. The CPD assesses SOE performance on a quarterly basis by requiring the companies to submit and present performance reports on a quarterly, half yearly and annual basis. However, the BCPM meets only twice a year. As such, the ground works and technical support by the CPD to the BCPM is critical for a meaningful implementation of the performance management system.The time schedule for performance management is provided in the performance management guideline and every company has to comply with it (presented as Annex 1).

b. Areas of Performance Evaluation

The performance evaluation based on the Annual Compact signed with each company looks at four areas/indicators: i) Financial performance measurement; ii) customer service; and iii) corporate governance and iv) policy directed objectives. The evaluation of targets under each

category can be quantitative with specific numeric target and non-quantitative with specific time line. The financial and most of the customer service related targets are quantitative in nature that are set progressively on year on year basis considering overall economic situation, industry trend and market scenario. The policy directed objectives are more of social in nature and are normally requested by the government to be implemented through relevant SOEs. As long as the policy directed objectives are financially viable, the BCPM allows SOEs to include them in their annual targets. However, if such targets do not make economic sense then the government is requested to subsidize such activities. Indicators for policy targets are more of qualitative in nature and are time bound. The targets on corporate governance cover improvement of internal business processes and organizational capacity development. Few of the targets under this category are quantitative but are mostly qualitative in nature. The table below provides the generic indicators that the DHI uses under each performance areas. However, except for financial, rests of the areas are quite flexible and are industry specific when it comes to different companies. Depending on the nature and type of the companies (some are more commercial but some have social mandates) weightages are assigned differently to different areas of performances. Normally financial areas are given the weightage of 50% – 70% and the remaining is distributed to non-financials. Every target under each category is assigned certain points.

If a target is achieved 100% or better, the full point is allotted during the evaluation. For each target there is also a baseline. If the achievement is less than the baseline, no rating is provided. However, if the achievement is between baseline and the target, the rating is given using the following formula:

Rating to be allotted = (Actual Achievement – Baseline)/(Target – Baseline) X assigned points

It is easy to allot points for quantitative targets; however, similar approach is used in measuring the qualitative targets considering the quality and time of completion of task compared to the set timeframe.

c. Performance Evaluation of CEOs

A two-pronged approach is used to evaluate the performance of CEOs. Firstly, his performance is rated based on the evaluation of the company's performance

Table 1: Four Areas of Evaluation Indicators

	Quantitative indicators	Non-quantitative indicators
Financial performances	(Area☐) Financial Compact (Revenue; PAT; ROE, Revenue/Employee, OPEX etc.)	(Area ☐) Policy Directed Activities
Non-financial performances	(Area ☐) Customer Service (Customer Satisfaction Index; market share, service quality indicators, service standard indicators specific to industry etc.	(Area ☐) Organizational Capacity/ Management Corporate Governance, Business Process reforms R&D initiatives, Employee Capacity Enhancement and Employee Engagement)etc.

Table 2: Distribution of Performance Based Variable Pay		
Compact Achievement	**PBVA payout guideline based on Corporate Level Performance**	
	CEO	**Employees**
≥ 95	25% of annual basic pay	15% of annual basic pay
75% - 95%	Prorated PBVA payout of 1.5% for every point of achievement	Prorated PBVA payout of 0.75% for every point of achievement
≤ 75%	No PBVA payout	No PBVA payout

through the annual compact system. And, secondly, his performance is evaluated based on his personal attributes. Eighty percent of CEO's performance comes from the compact achievement whereas 20% comes from his attributes that describe his leadership qualities. On the leadership variables,he is assessed online by the board of directors at the end of each financial year in accordance with the approved CEO leadership assessment guidelinethat captures areas like his visionary and business objective oriented qualities, business ethics and integrity, decision making capability and relationship with the board and stakeholders, creativity and adoptability, and finally the qualities in engaging and empowering employees. The leadership assessment form that is currently put in practice is attached as Annex 2.

A minimum average rating of 85% for the immediate past three years or whatever the period a CEO had worked if the duration is less than three years is required for a CEO to be eligible to apply for extension of his service contract. If the annual achievement is less than 75% in any year, his contract may be terminated even before the expiry of his current term. Further the performance achievement is tied to performance based variable pay (PBVA), which is 25% of his annual basic pay.

The compact performance targets are cascaded down to the departments by the CEO and the department heads further cascade them down to the divisions and unit heads and then to the individuals in the form of individual annual work plans. This system allows division and individual level target setting (in line with the corporate level compact) and performance monitoring system. Compact achievement is tied to the PBVA of individual employees and the CEO as stated above. The PBVA is paid based on criteria laid down the following table.

A minimum average rating of 85% for the immediate past three years or whatever the period a CEO had worked if the duration is less than three years is required for a CEO to be eligible to apply for extension of his service contract. If the annual achievement is less than 75% in any year, his contract may be terminated even before the expiry of his current term. Further the performance achievement is tied to performance based variable pay (PBVA), which is 25% of his annual basic pay.

d. Employee Level Performance Evaluation

The Annual Compact defines the overall corporate level targets and these are cascaded down to different levels within the company (department, division, units) and ultimately define individual employee as stated above. The individual performance metric is the performance target agreed between the supervisor and the subordinate.

At each levels the relevant supervisors conduct the periodic monitoring and year-end evaluation of performance. Besides, set targets (both quantitative and qualitative), employees are evaluated for personal attributes such as leadership qualities, integrity, communications skills etc. by their supervisors. In order to promote team work and individual efforts different weightages are assigned to divisional level target achievement and individual level performance achievement for each employees. A performance review committee reviews the performance ratings provided by the supervisors. Once the individual performance ratings are finalised, the performance achievement is tied to the annual bonus and has other HR linkages such as meritorious, fast track and general promotions within the company.

In DHI and its subsidiaries, the performance ratings affect not only the variable pay and bonuses but also the contract extensions of all senior management executives, most of whom are hired on contract. Each contract term is for three years within the DHI structure. The employees who are not on contract are also affected by the poor performance ratings for their promotion, training and during retrenchment exercise, besides receiving no/lower annual monetary benefits.

Conclusion

In conclusion, the issues and challenges faced and managed through thePerformance Reforms Process are highlighted. On the whole the performance management system has been implemented successfully at DHI, its owned companies and controlled companies. However, introducing reforms in any organization is difficult, costly, time consuming, risky and normally lacks support of many employees, mainly due to challenges in adapting to new systems and the usual fear of facing discomfort and even losing jobs and benefits. Reform is important and almost inevitable in order to reshape and reposition organizations to be in line with the company's vision and to meetthe emerging challenges.

Any introduction of change in the DHI companies that were already functioning with certain norms and values that had become embedded in their institutionswas not without challenges. However, for commercially oriented SOEs, it is very important to follow internationally accepted norms of corporate governance to optimise corporate performance. As it was up for managing SOEs,DHI needed to bring about governance changes to improve corporate performances that included improvement in learning and growth of the companies, internal business systems and processes, higher levels of customer satisfaction and ultimately the improvement in financial performances.

In order to provide proper structure, and enhance the standards of corporate governance and corporate performance systems, the following initiatives were undertaken during the change management process so that reluctance to change is minimized:

• **Introduction of Chairmen's Forum:** Initiated as a high-level discussion platform where

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Dr. Damber S Kharka

Dr. Damber S. Kharka is a Director at Druk Holding and Investments, Bhutan, a sovereign government holding company that manages state owned enterprises and acts as the investment arm of the state. Dr. Kharka has been the key initiator for development and implementation of corporate governance and performance management systems in the DHI subsidiaries and possesses rich experience as a board director in a number of companies and as a trainer for directors in areas of corporate governance, finance and performance management.

chairpersons of the DHI companies are provided a separate space beyond the call of board meetings to have strategic conversations related to new business processes and for experience sharing. The DHI chairman plays a very critical leadership role in bringing the chairpersons of subsidiaries together on strategic issues. The forum is held at least twice a year and the CPD, DHI takes advantage of this space to update and inform the chairpersons on important aspects of corporate governance and performance systems that are developed and modified. This forum has helped in the smooth selling of new ideas.

• **Introduction of CEO Roundtable Meeting:** CEOs of DHI companies meet at least four times a year to discuss cross cutting issues and share company wise business experiences. Besides this, the forum services as a platform to provide feedback on any corporate governanceand performance management systems. With this engagement, CEOs fell that they are party to the changes introduced by DHI.

• **Introduction of CXO Forums:** CXO are the second level officials in the companies representing different functions/departments. They meet three to four times a year and discuss issues related to their own functional areas. This forum has enabled better understanding among the professional groups and helped build relationships. Crosscutting issues affecting companies discussed at this level are often submitted to the CEO Roundtable Meeting for further directives.

• **Institutionalisation of Board Directors Orientation Program on Corporate Governance and Performance Management:** DHI conducts a two-day program every year for newly appointed directors in order to orient them on the basics of corporate governance and performance management systems.

• **Professional Directors Training Program:** In order to grow the pool of professionally trained

Annex 1: Annual Compact Management Timeline	
November	DHI collects specific policy related targets from relevant line ministries and Ministry of Finance and conveys to the SOEs
	Discussion/Negotiation of non-financial targets for following year between DHI and company boards/ management
November/ December	Discussion and finalization of compact for the following year for non-financial targets
January	Signing of compact for the year with non-financial targets between DHI and DOC boards
	Assessment/evaluation of performance of previous year
March	Discussion and finalization of financial targets between DHI and Company Boards/management
	Performance evaluation of the previous year and approval of performance based pay and incentives
April	Review of first quarter performance by the DHI Corporate Performance Department
August	Submission and presentation of half yearly performance report by companies at Mid-term Review Meeting
	BCPM reviews half yearly performance
October	Review of third quarter performance by the DHI Corporate Performance Department

Annex 2: Leadership Assessment of the CEOs of DHI Companies		
Compnay : .... CEO : .... Year of Rating :		
Rating Scale : (1 - poor, 2 - below average, 3 - average, 4 - above average, 5- exceptional)		
Area of Leadership	**Statements to be rated on Leadership Competency**	**Rating**
Visionary & oriented to business objectives	CEO has clear vision/missions for the company	
	CEO inspires staff to commit for achieving the vision/missions	
	CEO has effective strategies to achieve vision/missions	
	CEO has clearly identified strategic priorities	
	CEO aligns his annual plan to long term objectives	
Integrity	CEO demonstrates honesty and ethical behaviour in all interactions	
	CEO ensures practice of highest ethical standards throughout the company	
	CEO avoids political or self serving behaviour	
	CEO stands up for what he believes in	
	CEO leads by example as role model for organizational values	
Decision Making & Relationship with the Board	CEO provides relevant and accurate information in the board decision making process	
	CEO listens to directors and accepts constructive feedback in a postive manner	
	CEO encourages other to challenge his view points	
	CEO demnonstrates effectiveness in decision making	
	CEO stands by the board decision once it is made	
Creativity and Adoptability	CEO demonstrates adaptability required to succeed in changing global environment	
	CEO sees changes as an opportunity and not a problem	
	CEO comes up with ideas to meet the needs of new changes	
	CEO translates creative ideas into business results	
Empowering Employees	CEO monitors employees performance and hold them accountable for results	
	Total score	
Note: Board Directors will use this form to individually rate the CEO at the end of the year. Leadership assessment based on this form counts for 20% of the overall performance rating of a CEO. Rest (80%) comes form the overall performance achievement of the company's annual compact.		
Name and Signature of the Evaluator **Date:**		

board directors who sit on various DHI company boards, DHI coordinates and conducts a professional directors training program in partnership with reputed institutions around the world that have the capacity and knowledge, particularly in the area of the boards role in strengthening corporate governance and performance planning and monitoring.

One of the major intents of institutionalising different forums is to create ownership of the companies in areas of common processes, policies and guidelines that are developed and circulated for implementation in all companies. Initially, the experience was not very good when new processes and guidelines were introduced. However, resistance to change has really eased up as CEOs, Chairpersons and Senior Managers have become more involved through different forums for discussion on different issues. Reforms on Performance management systems also went through different forums and that reduced reluctance from many angles. Today, companies have adopted the changes introduced including Performance Management System quite successfully.

ARTICLE

Definition and reform of State Owned Enterprises in Vietnam

Lan NGUYEN
Director, Division of SOE Reform Agency of Enterprise Development, Ministry of Planning and Investment, Vietnam

Definition of SOE in Vietnam

Before 1995, the organization, management and operation of SOEs in Vietnam were regulated by different legal documents issued bythe Government or Ministries. In 1995, the first Law on SOEs was enacted. Based on the Law, SOEs were defined as an economic organization, which is capitalized, set up, organized and managed by the State. The law also classified SOEs into 2 categories: state business enterprises which operate on a profit basis and without subsidies; and (ii) state public service enterprises which operate in accordance with State social and security policies and are eligible for subsidies.

The 1995 Law on SOEs was replaced by the 2003 Law on SOEs. According to the new Law, not only enterprises with 100% state capital, but also joint-stock and limited liability companies with dominant state share (higher than 50%) are classified as SOEs. However, the Law on SOEs only applied to enterprises with 100% state capital. Other kinds of SOEs that are joint stock or limited liability companies are regulated by the 1999 Law on Enterprises.

In 2005, the issuance of the new Law on Enterprises was a landmark in the history of Vietnamese economic policy. This is the Law that unified all 3 different laws: the Law on State owned enterprises, the Law on Foreign direct investment and the law on Private enterprises.

According to the 2005 Law on Enterprises, State-owned enterprises were defined as enterprisesin which the State owns over 50% of charter capital. The corporate forms of SOEs included: one member limited liability company (i.e. SOE that the State owns 100% of capital); joint stock company and limited liability company with more than 1 member (i.e. SOE that the State owns majority share or capital).

According to the Law, SOEs must conduct periodical and extraordinary disclosure of various information. The Chairman of Members' Council or General Director of an SOE may be dismissed if they do not meet the business target in the approved business plan.

In 2014, the new Law on Enterprises was enacted with a new definition of SOEs. According to the new Law, state owned enterprises are defined as those fully owned by the State, instead of more than 50% as prescribed previously.

With the new SOE definition, the scope of SOE sector in Vietnam shall be narrowed down, joint stock companies that are partly owned by the State must operate on the same legal basis as other private companies and thus, can not receive any preferential treatments from the State owners.

In addition, the 2014 Law on enterprises alsoimposes stricter corporate governance requirements on SOEs. According to the Law, SOEs must conduct periodical and extraordinary disclosure of various information. The chairman of Members' Council or General Director of an SOE may be dismissed if they do not meet the business target in the approved business plan.

Table 1: The evolution of legal framework for SOE in Vietnam

Validity period	Name of Law	Scope of application
1995 – 2003	Law on State owned Enterprises	This is the first law on SOEs in Vietnam. The law provided an official definition of SOE (State companies are enterprises where the State owns the entire charter capital, which are set up, organizationally managed and operationally registered under the provisions of this Law. The State companies shall be organized in form of independent State companies, General corporations.) The Law was applied for independent SOE, General corporations (holding companies) and its member companies
1999 -2005	Law on Enterprises	This is the first law on enterprises in Vietnam applying for enterprises that are not under the Law on SOE 1995. This Law provides for the establishment, management, organization and operation of the following forms of enterprise: limited liability companies, shareholding companies, partnerships and private enterprises (i.e. companies of private sector). State owned enterprises shall, upon being converted into limited liability companies or shareholding companies, be subject to this Law.
2003-2010	Law on State owned enterprises	- The Law was the revision of Law on SOE of 1995 and was applied for the establishment, reorganization, dissolution, ownership conversion, organization of management and operation of State companies; - The Law also regulated the relationships between the owner being the State and the representative of the State's contributed capital portions at enterprises where the State owns the entire charter capital or enterprises where the State holds dominant shares or contributed capital.
2005-2014	Law on Enterprises (normally referred to as the Common Law on Enterprises)	This Law unified all three different laws for SOEs, private enterprises and foreign invested enterprises in order to set up an equal playing fields for enterprises of all economic sectors. This Law sets forth provisions on the establishment, organizational management and operation of limited liability company, share-holding company, partnership and sole proprietorship (hereinafter referred to enterprises) belonging to all economic components.
2014 - present	Law on Enterprises (replacing 2005 Law on Enterprises)	This Law creates more favorable conditions for business establishment and operation. Under the new Law, SOEs are defined as limited liability companies that are 100% owned by the State.

The reform of SOE in Vietnam

Before Doi Moi (Renovation) process, the SOE sector played the dominant role in the economy while the private sector was not supported and encouraged by the Government. However, when a serious economic crisis started up by the end of 1970s, a large number of SOEs experienced difficulties and incurred losses. The issue of SOE sector's effectiveness became the Government's major concern. Therefore, when the economy was gradually transformed from a centrally planned system to market orientation, SOEs were also given more autonomy to make and implement their own business plans in accordance with socio-economic development guidelines set by the Government. Along with this, there was recognition of the private sector and the legal framework was improved in order to provide equal treatment and encourage the development of all sectors. During 1990s, SOE reform was implemented mainly through gradual reduction in subsidies to SOEs and restructuring measures. From 1990 to 2001, the total number of SOEs was halved from 12,000 in to roughly 6,000 with sharpest decline in the number of local SOEs. From 2011 to 2015, the speed of reform was slower due to economic recession. However, most of equitized SOEs in this period were generally larger scale and operated in important economic sectors as airlines, seaports, airports, constructions, etc.

Table 2: Number of 100% state owned enterprises over period 1990-2015

Year	Number of 100% state owned enterprises
1990	12,000
2001	6,000
2011	1,309
2015	800

Source: Compile from reports of the National Steering Committee on Enterprise Renovation and Development

There are various measures for SOE restructuring and reform in Vietnam, including:equitizing, merging, liquidating, equitizing, selling, contracting out and assigning to the employees. Among these measures, equitization is the most popular measure, accounting for around 69%, while mergers account for 9%, assignment, sale or lease account for nearly 7%.

The identification of industries and sectors that need to remain the State ownership in Vietnam is based on the outlook and objectives for SOE's roles in the national economy, which are reflected in these following aspects: (i) to ensure the strategic objective of national security and social safety; (ii) to act as a tool to make good for market failures or shortcomings (for instance other economic sectors are not able to or do not want to participate in; no markets or a competitive market is not yet established); (iii) to create and lead to establish and develop essential economic infrastructure, key industries & sectors to leverage the motivation for economic growth, ensuring social welfare and well-being; (iv) to act as a supporting role for other key tools (such as macro policies) to manipulate the economy when necessary (such as crisis, inflation…).

In term of business lines, large state owned corporations are currently operating in industries that ensure macro balances for the whole economy, specifically, oil and gas, electricity, coal mining, post and telecommunication, petroleum, chemicals, cement, railways and airlines, etc. In order to support the government development strategy, SOEs are investing in remote and difficult areas or business lines that are not profitable and attractive to private sector.

By 2015, the number of 100% state owned enterprises and enterprises that the State own more than 50% of capital only accounts for 0.8% of total enterprises (which used to be 45% in 2000), making up the smallest share among the three sectors (state, non-state and foreign direct investment). Regardless of its reduction in number, the SOE sector still provide around 85% of electricity and petroleum output; 96% of coal output; 90% of telecommunication service; 60% of domestic air transport; 100% of rail transport; 56% of credit and financial services, etc. Moreover, the SOE sector's contribution to GDP still account for a significant portion (around 28%), even when the decreasing trend can be realized when the Government policies are becoming more and more favorable for the development of private sector.

After almost 30 years, there are still many challenges to the SOE reform process in Vietnam.The number of firms that have been equitized in the last few years is truly impressive but largest SOEs are still in the waiting list. Due to many reasons, the pace of SOE equitization has slowed considerably. The Government is trying to push up the reform speed, on the other hand, seeking for more effective measures to increase SOEs' efficiency and transparency. In the next period, SOE equitization is still major policy and more regulation changes will be introduced to promote the process.

A Note on the Corporate Governance Framework of

New Zealand Crown Companies/ State Owned Enterprises (SOEs)

Geeta Duppati
Senior Lecturer, Finance,
Waikato Management School,
University of Waikato,
Hamilton, New Zealand

In the era of globalisation, many countries are applying principles and practices from other jurisdictions that are not necessarily appropriate for their own national domains. This has implications forcapital markets, the regulatory environment, compliance costs and enforceability. Under these circumstances, a better approach would be to closely examine the unique aspects of the country under consideration and focus on improving the remedies and rules already available, rather than establishing a more complex and burdensome regulatory regime based on the experiences of other countries.

Understanding the SOE governance policies and practices of New Zealandis valuablebecause of the privileged position it occupies in relation to the reforms of corporate governance. There have been modest numbers of corporate collapses and lessrelative to thosethat have occurred in comparative markets, such as the United States, UK and Australia. This indicates the cautious approach taken by New Zealand towards reforms. New Zealand's approach to corporate governance, led principally by the Securities Commission, The NZ Treasury and the NZ State Services Commission has been to evaluate reforms overseas and gradually reform New Zealand's governance framework in line with perceptions of international best practice.

The case of New Zealand differs from many countries in terms of categorising and controlling the entities owned by the 'State'/the 'Crown'. The state entities are categorised based on their objectives rather than operating them with varying degrees of commercial and social orientation.

State ownership policy of New Zealand

To ensure better accountability, the OECD guidelines (Guidelines II.A.,) suggest developing an ownership policy, as a primary task for the state as an owner. It should include the overall objectives of state ownership, the state's role in the corporate governance of SOEs, and how it will implement its ownership policy. In other words it should clearly explain how the state behaves as an owner. Clear and published ownership policies thus provide a framework for prioritizing SOE objectives and are instrumental in limiting the dual pitfalls of passive ownership or excess intervention in SOE management.

With regards to ownership policy, New Zealand does not have a specific ownership policy but instead, the Companies Act of 1986 and the SOE act 1986 provides the institutional framework in which it articulates the principal objectives to be followed by individual state enterprises in the conduct of their business.

According to the Company's Act of 1986 SOEs should operate in the open market and be subject to the same market and regulatory conditions and should compete on a level playing field with the other businesses which are not crown-owned. Competitive neutrality between SOEs and the private sector is ensured. Besides being a good employer, they should exhibit a sense of social responsibility by having regard to the interests of the community in which they operates and by endeavouring to accommodate or encourage these whenever it is possible to do so. Compensation is provided to SOEs in the situations where they undertake non-commercial activities as required by the Crown.

Institutional and Legal Framework

The Government's policy in relation to SOEs has the following goals: i) to be clear with SOE boards about shareholding Ministers' expectations of the companies; ii) to provide shareholding Ministers with a greater understanding of, and therefore confidence in, the performance of SOEs, through enhanced benchmarking; iii) to develop appropriate capital structures which impose financial disciplines on SOEs while ensuring they have sufficient capital to make operational investment decisions without recourse to the Crown, and iv) to ensure that requests for capital are considered in line with the business needs of the SOE, while recognising the Crown's preference that major investments are considered relative to other demands for capital across the Crown by incorporating SOE requests for equity for significant investments into the normal budget process.

SOEs generally fall under the legal framework Companies Act 1993 (Companies Act), Crown Entities Act 2004 (CE Act), Public Finance Act 1989 (PFA), and State-Owned Enterprises Act 1986 (SOE Act) and other entity-specific legislation like the New Zealand Railways Corporation Act 1981 for KiwiRail Group, or establishment Acts for each Crown entity.

Shareholding Minsters Powers, Responsibilities, Accountability and Challenges

Under the SOE Act, shareholding Ministers are responsible to the House of Representatives for the performance of the functions given to them. Each SOE has two shareholding Ministers – the responsible Minister and the Minister of Finance. The responsible Minister (normally the Minister for SOEs) generally takes the lead shareholder role, particularly in his/her capacity as the formal point of contact with boards. The role of the Minister of Finance as an SOE shareholder reflects the importance of the sector to the Crown's economic and financial objectives. From time to time, shareholding Ministers may delegate some of their responsibilities. Under the SOE Act, shareholding Ministers are accountable to the House of Representatives for the performance of the functions given to them under the Act or the constitutions of the SOEs. The key accountability document is statement of corporate Intent (discussed below).

In practice, shareholding Ministers' responsibilities include: appointing and removing directors (including chairs and deputy chairs); commenting on the content of draft Statement of Corporate Intent (SCIs) and business plans, including aspects that may be inconsistent with statutory requirements; tabling final versions of SCIs in the House of

[2] An institutional framework is generally understood to mean the systems of formal laws, regulations, and procedures, and informal conventions, customs and norms that broaden, mould and restrain socio-economic activity and behaviour (Defining an Institutional Framework for the Labour Market, Centre for European Policy Studies Factor Markets Working Papernumber 129, February 2012, Trevor Donnellan, Kevin Hanrahan and Thia Hennessy)

Representatives; developing and communicating the Government's ownership policies; monitoring board performance and taking necessary remedial steps should boards fail to meet the targets in their SCIs and business plans; consulting with boards as issues arise; tabling the SOEs' annual and half-yearly reports in the House of Representatives; taking decisions as shareholder (eg, approving a major transaction under the Companies Act, or other transactions if such approval is required under a company's SCI), and deciding on resolutions at annual meetings (or special meetings) or agreeing to pass written resolutions in lieu of such meetings.

It is the responsibility of the government to manage its investments in the best interests of New Zealanders. The Shareholding Ministers' monitoring function is parallel to that undertaken by equity holders in the case of private sector companies. However, shareholding Ministers face certain limitations, when compared to the private sector equity holders. They: a) Cannot divest themselves of ownership of the SOE without empowering legislation; b) cannot monitor company performance because they are not listed and as such do not have a share price; and both shareholding Ministers and the SOEs are subject to additional public scrutiny via select committees and the Official Information Act 1982 (the OIA).

For these reasons, it is important that shareholding Ministers receive timely and relevant performance information from SOEs. The SOE Act, therefore, gives shareholding Ministers certain powers over and above those of ordinary shareholders; for example, the power to require information relating to the affairs of an SOE.The role of being a shareholding Minister can place heavy demands on Ministers. These demands can be eased by giving the Ministers access to advisors with an understanding of thekey issues at the strategic, public policy and individual SOE level, and who can support the Ministers, and assist in the board appointment process. Shareholding Ministers receive adviceon SOEs' financial and non-financial performance from the Crown Ownership Monitoring Unit (COMU). Final decisions on all SOEissues remain with shareholding Ministers or Cabinet.

Accountability of Boards

Crown Ownership Monitoring Unit (COMU) and Boards Autonomy

Under the legislative framework arising from the SOE Act and the Companies Act, SOE boards are responsible and accountable for the individual company performance. They are the primary monitor of performance and are the main mechanism that the Ministers have for holding the company to account. To support the boards' accountability and monitoring roles, COMU's approach is underpinned by the seven principles outlined below: Key engagements are with entity boards; Prioritising monitoring efforts in relation to the performance issues and risks within each entity; A portfolio perspective to ensure that the Crown's balance sheet is fit-for-purpose; Provision of independent analysis, commentary and judgements to Ministers; Provision of performance information to the public through COMU's website; Monitoring of international corporate governance changes and adjusting appropriately, and sharing the knowledge with other government agencies undertaking monitoring roles, both in New Zealand and internationally.

Boards, particularly chairs, are expected to work closely and cooperate with COMU; as a conduit of information and advice to shareholding Ministers. Boards may wish to invite officials to be present during parts of board meetings or annual business planning sessions to discuss issues or to clarify shareholder expectations. Such invitations are entirely at the discretion of each board. SOE boards are also accountable to select committees. Select committees are key parliamentary institutions with which public servants and those working in the wider State sector have contact. The committees undertake detailed work on a range of different matters on behalf of the House, and report their findings to it.

Under the Companies Act, the board of the company is responsible for managing, by or under its direction or supervision, the business and affairs of the company. The Companies Act requires boards, among other things, to: Comply with the directors' duties set out in the Companies Act, including the duty to act in the best interests of the company; Provide an annual report and annual financial statements to the shareholder; Comply with the solvency requirements set out in the Companies Act; Hold AGMs, except where the shareholder passes a written resolution in lieu of such meetings, and Present special resolutions to the shareholder when necessary (eg, resolutions for the approval of "major transactions" as defined in section 129 of the Companies Act).

Role and Responsibilities of the Boards

The role of the board of a Crown company differs in some respects from the board of a privately owned company. For example, all decisions relating to the operation of a Crown company must be made by, or pursuant to, the authority of the board in accordance with its SCI or Statement of Intent (SOI). Further, under the constitution of each Crown company, the Ministers, rather than the board, appoint the chair and deputy chair and set directors' fees.

A Crown company board's responsibilities include, but are not limited to, the following: Appointing a CEO and managing and monitoring the CEO's performance; Setting the CEO's remuneration and incentives, approving senior management remuneration and remuneration policy generally, and specifically determining the relationship between remuneration incentives and risk taking; Providing leadership and vision to the company in a way that will enhance shareholder value; Developing and reviewing the company strategy; Ensuring that the company has appropriate processes to identify, assess, monitor and manage risk and monitoring the performance of senior management; Reviewing and approving the company's capital investments and distributions; and Ensuring compliance with statutory requirements and providing leadership in its relationships with key stakeholders including, where relevant, industry groups, Māori and staff.

Under the SOE Act, shareholding Ministers are responsible to the House of Representatives for the performance of the functions given to them. Each SOE has two shareholding Ministers – the responsible Minister and the Minister of Finance. The responsible Minister (normally the Minister for SOEs) generally takes the lead shareholder role, particularly in his/her capacity as the formal point of contact with boards.

COMU as an Advisory Body to the Shareholding Ministries

COMU has four teams that together provide shareholding Ministers with comprehensive advice. These teams are: Sector Monitoring teams: The advisors within these teams monitor a range of entities. Each entity has a senior relationship manager as their key point of contact. The relationship manager should be sent all routine reporting (eg, quarterly, half-yearly and annual reports), other process-related documents and other relevant updates. The Sector Monitoring teams focus on:

- Developing and reviewing ownership objectives for individual SOEs and the SOEs as a whole;
- Advising on strategic issues, ownership policy issues, investment and diversification opportunities, restructuring issues and capital structure;
- Analysing business cases where they are required to consult with, or seek the approval of, shareholding Ministers
- Commercial opportunities and risks the environment in which the entities operate, and
- Protecting and enhancing shareholder value.

Financial Analysis Unit: This unit provides in-depth financial analysis on individual entity performance and on the overall portfolio. The unit also undertakes specific exercises for shareholding Ministers such as independent valuations, benchmarking performance (where possible) and authoring an annual portfolio performance report.

Appointments and Governance team: This team supports and provides advice to the Ministers on appointments of boards and governance issues oversees candidate management issues and provides targeted professional development opportunities.

Sector Performance and Balance Sheet team: The Treasury manages the Crown's finances and is the Government's principal advisor on economic, fiscal and financial issues. This teamworks to ensure that the Crown's balance sheet is well understood, has a well-articulated strategy for change and is well managed, and contributes to better balance sheet management across the Crown's portfolio. This work encompasses analysis and advice on issues across the Crown's entire balance sheet, not just the entities monitored by COMU.

Corporate Business Plan

The SOE Act provides a comprehensive outline of SOE requirements with regard to its key accountability document the statement of corporate intent (SCI) and reporting performance to shareholding Ministers and the wider public, through the House of Representatives. The SOEs are expected to report the Business plan and Statement of Corporate Intent ahead of the start of the financial year. Most companies have a 30 June financial year. Shareholding Ministers aim to send an expectations letter to each SOE board between October and January of each financial year detailing the information requirements, the timing and any specific issues the company is expected to address during the business planning round.

In response to the expectations letter, the board may send a strategic issues letter to the shareholding Ministers by the end of January, outlining major issues the company expects to address during the business planning round. Subject to commercial sensitivities, the expectations letters are publicly released on the COMU website. Each SOE board provides shareholding Ministers with a draft SCI, supported by the company's business plan. The business plan enables shareholding Ministers and COMU's officials to assess the draft SCI.

COMU has four teams that together provide shareholding Ministers with comprehensive advice. These teams are: Sector Monitoring teams: The advisors within these teams monitor a range of entities. Each entity has a senior relationship manager as their key point of contact. The relationship manager should be sent all routine reporting (eg, quarterly, half-yearly and annual reports), other process-related documents and other relevant updates.

The SOE Act requires the board of each SOE to deliver its draft SCI to shareholding Ministers at least one month before the start of each financial year (ie, the end of May). Shareholding Ministers' preference, however, is that SOEs provide their draft SCIs and business plans at the start of May to allow adequate time for meaningful review. If, for any reason, an SOE considers that it cannot meet this deadline, it must promptly advise COMU. Sections 14(2) and (3) of the SOE Act set out the information to be contained in each SOE's SCI, including the objectives of the group, the nature and scope of its activities and the performance targets by which the group may be judged in relation to its objectives. Each SOE's SCI should clearly identify the information required by these sections of the SOE Act, and make clear linkages between objectives and performance targets.

Shareholding Ministers expect the performance targets and measures in each SCI to be meaningful and related to the drivers of each SOE's performance. Once the business plan and draft SCI are received, officials prepare a report for shareholding Ministers outlining the key aspects of each SOE's future strategy. As part of this process, advisors will engage with the companies to clarify any questions arising out of the business plan and draft SCI. To facilitate this, it is expected that each SOE will submit with its business plan a full set of financial statements (including a statement of financial performance, statement of financial position and statement of cash flows) for the planning period.

Under the SOE Act, shareholding Ministers may comment on the draft SCI, which may include a request for further information or clarification on certain matters. This may be in the form of a letter or, if required, in a meeting between shareholding Ministers, officials and the board. The comment may also include an extension to the date by which the final SCI must be delivered to shareholding Ministers for tabling. Boards are required to consider any comments by shareholding Ministers on the draft SCI no later than 14 days before the start of the financial year and deliver a final SCI to shareholding Ministers on or before the start of the financial year or such later date that shareholding Ministers have determined. The responsible Minister is required to table the final SCI in the House of Representatives within 12 sitting days of its receipt. The SCI should be made publicly available only once this has occurred.

Once tabled, COMU will make it public a copy of each SOE's SCI on the COMU website. SOEs are also encouraged to make their SCIs widely available. The business plan is not a public document and is not tabled. If the board of an SOE wishes to amend its SCI after it has been tabled, it must advise shareholding Ministers and consider any comments shareholding Ministers may have on the proposed modification(s). The SOE Act sets out the process for making amendments to an SCI during the year.

Statement of Corporate Intent (SCI)

The board of each SOE is required to specify in the company's SCI the group's objectives, and the nature and scope of the activities to be undertaken. The board of each SOE may separately define the nature and scope of the activities to be undertaken by the group, the company's "core business activities".In this context, shareholding Ministers consider that: a) the "nature and scope of the activities to be undertaken by the group" defines the boundary outside of which the group may not carry out any business; b) core business activities" represents the core business-as-usual activities to be undertaken by the group in line with its core competencies, and any business activities to be undertaken by the group that are not core business activities should be within the nature and scope of the company's activities.

Ministers expect the board of each SOE to operate in such a way that it does not lose focus on the company's core business activities. This does not preclude expansion into non-core areas. SOEs are encouraged to diversify where they can demonstrate spill-over benefits and effective utilisation of core competencies. Ministers clarify expectations with individual companies as part of the annual business planning round.

Board Appointments

The selection process of the members of the boards in New Zealand is both objective and transparent. New Zealand has adopted a comprehensive approach to board appointments, from soliciting, vetting and recommending candidates through conducting induction training after an appointment has been made. COMU manages this process by advising the bodies responsible for appointment (i.e., the Minister after approval by a Cabinet Appointments and Honours Committee, and confirmation by Cabinet). It is responsible for developing a long and short list of candidates (with options) for consideration by the Minister; conducting due diligence on preferred candidates (including conflict of clearance, background checks); managing the cabinet approval process; and managing the formal appointment process. These type of settings provides a robust platform for accountability.

Conclusion

It is evident that the New Zealand state-owned entities are categorised based on their objectives, thereby differentiating between the commercial and social objectives. The ownership policy of New Zealand is explained in the Companies act and SOE act of 1986. The clearly articulated ownership policies provides a background for prioritising SOEs' objectives. The legislation and its implementation are effective in limiting the consequences of passive ownership or excessive intervention in SOE management. Further information can be found in New Zealand Government (2012) and on the websites of the NZ Treasury and the NZ State Services Commission.

Reference

NZ Government, Owner's Expectations Manual, Crown Ownership Monitoring Unit, Wellington, 2012.

SCOPE organises Workshop on **Leadership Development for Women Executives**

SCOPE in academic collaboration with Mindshare HR Consultancy organized a two-day Workshop on "Leadership Development for Women Executives" for middle and senior level women executives in Public sector on May 12 -13, 2016 at the SCOPE Convention Centre, New Delhi. Ms. Stuti Kacker, IAS, Chairperson, National Commission for Protection of Child Rights & Member, Executive Board, SCOPE Dr. U.D. Choubey, Director General, SCOPE, Mr. Ashok Bhat, Director, Mindshare HR Consultancy and Ms. Kirti Tiwari, President Apex, WIPS addressed the inaugural session. Mr. S. A. Khan, Group General Manger, SCOPE and Mr. U. K. Dikshit, Advisor (Programs), SCOPE were the program facilitators.

In his opening address, Dr. U. D. Choubey, DG, SCOPE welcomed the dignitaries emphasising the immediate need for capacity building in PSEs, so that women employees are elevated to higher levels including the Board level positions. He informed that the number of women employees at Board level in India was much lower as compared to outside India and there was much work that needed to be done in this area.

Sitting on dais (L to R) Dr. U. D. Choubey, DG, SCOPE, Ms. Stuti Kacker, IAS, Chairperson, National Commission for Protection of Child Rights, Mr. Ashok Bhat, Director, Mindshare HR Consultancy, Ms. Kirti Tiwari, President Apex, WIPS at the Workshop on Leadership Develop-ment for Women Executives.

Dr. Choubey in his address added that, SCOPE will be organising more programmes exclusively for women executives on Corporate Governance, Health, Safety & Occupational, and other issues of relevance for their growth. He also added that there was need to focus on the CSR contribution made by female employees in PSEs. While mentioning about the visionary project of SCOPE Academy of Public Sector Enterprises (APSE), he said, the Academy will have integrated, combined training programs for men and women that would cover under one roof the cultural aspects of PSEs and challenges faced by PSEs within and outside the country. He emphasised that the idea is to create a cadre of Public Sector executives in the long run. He concluded his address advising the women executives to make presentation in

(L to R): Ms. Stuti Kacker, IAS, Chairperson, National Commission for Protection of Child Rights and Dr. U. D. Choubey, DG, SCOPE addressing the participants.

their own organisations of the key takeaways from the program.

Ms. Stuti Kacker, IAS, Chairperson, National Commission for Protection of Child Rights inaugurated the workshop. In her address, Ms. Kacker drew attention to the constant pressure and difficulties faced by the women executives. Bringing in her experience from working in the Disability Affairs, in the Ministry of Social Justice and Empowerment, she spoke about the stigma and hurdles faced by disabled women in the country. To tackle the pertinent issue of stress faced by women employees she suggested the formation of Counselling Cells in PSEs. She emphasised on mentorship from senior women executives that can help young women employees to overcome their identity crisis.

Mr. Ashok Bhat, Director, Mindshare HR Consultancy while sharing the program perspective said that the two day workshop will focus not on the institutional constraints but how an individual can contribute towards her growth as well as the organisation's growth. He added that women need to work towards recognising and improving their individual identity and PSEs need to create talent pipeline and competency framework, keeping in view the needs and requirements of women employees.

Concluding the inaugural session, Ms. Kirti Tiwari, President Apex, WIPS said that while organisations were taking plenty of initiatives to enhance the opportunities for women employees, it was the duty of women workforce as well to demonstrate dedication and sincerity in their work. This will also prove vital in changing perception about their organisations.

The inaugural session was followed a session by the lead resource person, Mr. Ashok Bhat. He emphasized on the problems faced in Leadership Development of working women in India. He said that while women reached middle level positions but not attain the top roles as their capabilities and accomplishments went unnoticed. He said that the best way to deal with this is for women

Group photograph of the participants at the Workshop on Leadership Development for Women Executives.

themselves to recognize their individual strengths and aspire for higher level positions in PSEs. This was followed by a session by Dr. Punam Sahgal, Vice President (HR), National Institute of Smart Government who addressed the participants about Leadership Skills and integrating Work and life space. She said there was a need for women to balance their work and personal life, keeping in mind that though intelligence could get them hired, relationships are what help them become leaders. It has been observed that one of the primary reasons of executive derailments were the inability in handling change by women employees. If women are looking ahead at becoming leaders, they need to be more adaptable to change. She also highlighted how in today's work environment one needs to have the right Intellectual Quotient (IQ), Emotional Quotient (EQ) and Networking Quotient (NQ) to succeed in life.

Ms. Vartika Shukla, ED(R&D), EIL urged the participants to believe in their capability and going an extra mile in taking responsibilities as it helps them to gain recognition for their work. Looking at the important aspects for women's development she asked women employees to focus on their fitness, self growth and better networking skills.

Focusing on the health aspect of women employees Dr. H.K. Chopra, Senior Cardiologist, Moolchand Medicity Hospital told the participants that to succeed in their careers, the well being of mind, body and soul is very important. The concluding session was presided by Ms. Sutapa Sanyal, IPS, Director General of Police, State Human Rights Commission; Government of UP. In her address she asked them to leverage their work space by practicing self discipline. She emphasized on steps to improve the working conditions of women employees in PSEs. These include compartmentalizing their lives by time budgeting, Change management as women need to be better adapters to change and recognize the reservoir of capabilities within them. She also added that women need to introspect rather than retrospection later and regretting not having taken chances in life. She encouraged women to take up more challenging projects that would help re-invent themselves. Mr. U. K. Dikshit and Mr. Ashok Bhat summed up the deliberations of the program and Mr. R.K. Vasudeva proposed the vote of thanks. The program was attended by about 90 women executives across PSEs.

SCOPE for Decent World of Work through Skill Development

Dr. U. D. Choubey, DG, SCOPE addressing the seminar.

While speaking at the Seminar on "Future of Work in India and Young People's Aspirations", Dr. U. D. Choubey, Director General, SCOPE advocated the importance of skill development, production and supply chain management for products which will facilitate creation of large number of employment generation. Dr. Choubey told that skill and employment generation is not only the role of the government but all the stake holders including State Governments, NGOs, industries both private and public and people at large have to make sacrifices. The Seminar was jointly organized by VV Giri National Labour Institute, Ministry of Labour & Employment and International Labour Organization on 10th May 2016 in New Delhi.

Green Initiative by SCOPE

SCOPE Complex, Lodhi Road, New Delhi

SCOPE Minar, Laxmi Nagar, New Delhi

SCOPE has brought down energy consumption substantially in two of its towers at Lodhi Road and Laxmi Nagar, New Delhi. These two Towers accommodate corporate and regional offices of 65 public sector enterprises.

Dr. U.D. Choubey, Director General, SCOPE informed that during 2015-16, savings in power consumption was 1.12 million units over the previous year resulting into a saving of around Rs. 1.23 crores. Accordingly, the power bill of Constituents has been substantially reduced. Also in the last four years, such efforts by SCOPE and its Constituents have resulted into a saving of around Rs. 4.43 crore and 4.48 million units, he informed. Dr. Choubey said that energy saving measures at SCOPE Complex and SCOPE Minar Towers were the results of i) effective monitoring by professionals, ii) replacement of conventional lights by LED lights, iii) overall energy consciousness, and iv) energy efficient equipments.

Dr. Choubey appreciated the SCOPE team of engineers headed by Mr. M. L. Maurya, GM (Tech.) and members of the constituent companies for achieving this feat and asked them to continue such efforts in future too.

SCOPE Advocates Skill Development Centre in Slum Clusters

Dr. U. D. Choubey, Director General, SCOPE and the Chief Guest addressed a seminar on the occasion of Labour Day on 1st May 2016 at Constitution Club, New Delhi. The Seminar was organized by Slum Foundation.

Speaking on the occasion, Dr. Choubey strongly advocated for social security of labour forces particularly informal labour forces and for those in the slum clusters. He suggested that Skill Development Centres should be opened in each of such slum cluster to improve the economic conditions and general living standards of such downtrodden people. Dr. Choubey also expressed that such a Skill Development Centre should be integrated with small and tiny production centres for several small products which should be marketed through a supply-chain

management by government/ NGOs and industry. Resources for Skill Development Centres should be mobilized through government funding both Centre and State governments, NGOs, industries and people at large, he added.

Dr. U. D. Choubey, DG, SCOPE, addressing the gathering.

SCOPE Program on **'Ind AS'**

Ministry of Corporate Affairs (MCA) has notified the Indian Accounting Standard (Ind AS) vide notification dated 16th February 2015, and also laid the road map for the applicability of Ind AS for Companies.

In the backdrop of the above, SCOPE in academic collaboration with the Institute of Chartered Accountants of India (ICAI) held a two-day "Awareness Program on Ind AS" on 17th & 18th March 2016.

Sitting on dais (L to R) Mr. P. C. Vaish, CMD, NTC Ltd., Dr. U. D. Choubey, DG, SCOPE, Mr. Devaraja Reddy, President, ICAI, Mr. Neelam Vikamsey, Vice President, ICAI & Mr. Tarun Ghia, Central Council Member, ICAI.

While inaugurating the programme, Dr. U.D. Choubey, Director General, SCOPE said that adopting to a converged system of accounting standards is in the larger benefit of Indian corporate sector in general and public sector enterprises in particular. This will help them to assimilate with global market which has become highly competitive in the open and liberalized economy. Dr. Choubey assured all cooperation from SCOPE for smooth and timely implementation of the standard accounting system in public sector enterprises.

Mr. M. Devraja Reddy, President, ICAI and Mr. Neelam Vikamsay, Vice President, ICAI spoke on relevance of the convergence of Indian GAAP to Ind AS and the benefit accruing, therefrom, and appreciated the initiative taken by SCOPE in organizing the event. Mr. Tarun Ghia, Central Council Member, ICAI and Chairman Ind AS (IFRS) Implementation Committee, gave the program perspective. Mr. P.C. Vaish, CMD, National Textile Corporation also addressed the participants during the inaugural session. The technical sessions on the first day were taken by CA Parveen Kumar, CA M. Kishor Parikh and Mr. Joy Kumar Jain on the second day by CA Manish Handa, CA Sumit Seth and CA Alok Garg. Mr. Saqib Mehdi, Manager (Finance) proposed vote of thanks in the concluding session. CA Geetanshu Singhal, Secretary, Ind AS (IFRS) Implementation Committee and Ms. Shashi Bala Mathur, Executive Secretary, SCOPE were the Program Coordinators. Finance Executives from more than 20 member PSEs attended the program.

SCOPE Program on **'SEBI (LORD) 2015'**

With a view to consolidate and streamline the provisions of listing agreements for differentsegments of the capitalmarket and toalign the provisions relating to listed entities with the Companies Act 2013, the Securities and Exchange Board of India (SEBI) notified the SEBI (List Obligations and Disclosure Requirements) Regulations, 2015 on 2nd September 2015, after following the consultation process. The Listing Regulations came into force on the ninetieth dayfrom date of publication in the official gazette i.e. 1st December 2015. These regulations have been structured to provide ease of reference by consolidating into one single document across various types of securities listed on the stock exchange.

In this backdrop, SCOPE and the Institute of Company Secretaries of India (ICSI) jointly organized a full day program on "SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 4th March 2016 at SCOPE Convention Centre, New Delhi.

Dr. Madhukar Gupta IAS, Additional Secretary, Department of Public Enterprises (DPE), Dr. U. D. Choubey, Director General, SCOPE, Dr. Shyam Agarwal, Vice President, ICSI, Mr. Makarand M Lele, Member Council, ICSI and Mr. Vineet K Chaudhary, Member Council, ICSI & Chairman Corporate Laws and Governance Committee addressed the inaugural session. A large number of Finance Executives from PSEs attended the Seminar.

(L-R) Participating in the SCOPE-ICSI Programme on "SEBI Regulations 2015, Listing Obligations and Disclosure Requirements" are Dr. U.D. Choubey, Director General, SCOPE, Dr. Madhukar Gupta, IAS, Secretary, Department of Public Enterprises (centre) , Dr. Shyam Agrawal, Vice President, ICSI, Mr. Makarand M. Lele, Member Council, ICSI and Mr. Vineet K. Chaudhary, Member Council, ICSI & Chairman Corporate Laws and Governance Committee.

The Chief Guest, Dr. Madhukar Gupta, IAS, Additional Secretary, Department of Public Enterprises (DPE) while speaking on the occasion, said that transparency plays the most important part in the corporate governance. Citing the example of State Owned Enterprises (SOEs) in South Korea, he informed that it is mandatory for them to put all the information on their websites.

Dr. U.D. Choubey, Director General, SCOPE in his address said that ever since India became part of the global economic order, India has been consistently trying to bring best practices of corporate governance. Dr.Choubey emphasized the need of convergence of several acts and regulations prevailing in the country to overcome the complex and heterogeneous regulatory mechanism. He assured that the best practices in corporate governance by PSEs shall be taken both in letter and spirit.

Dr. Shyam Aggarwal, Vice President, ICSI, Mr. Vineet K Chaudhary, Mr. Makarand M Lele, both Council Members, ICSI spoke on the importance and compliance part of the new regulation. They further elaborated on the practical aspect of the application of the new regulations.

The inaugural session was followed by three technical sessions which were addressed by five speakers of eminence.

Contd to # 55

SCOPE Program Synopsis

S. Nazreen Fatima

SCOPE conducted two days' workshop on 'Leadership Development for Women Executives' on May 12th-13th 2016 at SCOPE Convention Centre, New Delhi as part of Succession Planningfor women employees of Public Sector Enterprises. The theme of the programwas to help the women executives accelerate their leadership development and play a larger role in Public Sector Enterprises. A large number of women employees from various PSUs participated. Smt. Stuti Kacker, IAS (Retd.), Chairperson, National Commission of Child Rights & Member, SCOPE Executive Board inaugurated in the presence of Dr. U.D. Choubey, Director General, SCOPE. The programme synopsis is as under:

The journey towards leadership/ success has to be dealt alone. Therefore, women executives have to equip themselves with knowledge, skills and positive attitude. Few important points discussed are as follows:

Don't Mix up the Two

Never mix up the professional life with the personal life. Women workers are generally in the habit of discussing their personal problems at office, in this way, they try to seek sympathy from their colleagues. But they must understand that the personal issues discussed at workspace normally go against them. Not all people are alike, they rarely try to give a solution to your problem and would talk endlessly about you and would laugh atyour back and spread rumours adding additional fictitious content to it.

Need to Identify

We are humans, we all are born with equal features but with time we grasp many qualities that make us stand apart from the crowd, this learning begins right from the time we are born, we learn from our families, our schools, colleges, society etc. We must try to identify our personality traits where we are good at and where we are bad. Knowing one own self do wonders in the real life. Only a well-informed person could improve upon their weaknesses. SWOT Analysis is a useful technique that helps you identifying these strengths and weaknesses, and analyzing the opportunities and threats.

Value your self

A woman must never underestimate herself. Until a woman respect herself nobody would respect her. If she gets respect only then her work will be respected. She must learn to value herself. She must be aware about her rights too. While performing many duties she has forgotten herself, her individuality and right to have leisure.

Don't be a People Pleaser

A People Pleaser is the nicest and most helpful person you know. They never say "no." You can always ask them for a favor. In fact, they spend most of their time in gettingother people's work done, help others with their work, make all the plans, and are always there for family members and friends. This sounds good, but unfortunately, this behavior generally ends up into very stressful condition sometimes as bad as a passive aggressor or could lead to an extreme health issue.

We have been trained to seek approval and try to please everybody but women workers must learn to say no for something that they can't do or must learn to draw a line and check what can be done by taking the help from others.

Trust your inner instincts

A woman is blessed with sixth sense also called inner instincts. She must learn to trust upon her ownself and rely upon the signals she received from her heart. They are also called intuitions. These positive vibes protect us from many difficult situations.

Don't speak bad about others

Speaking bad about others or criticizing them is not a good attitude. When we say bad we also become vulnerable to reaction from them and this could be in any form and of any tendency. We tend to judge very harsh everybody. We must look upon everyone with respect and care. We must extend our helping hand for others. Help must not be misunderstood as something that can rescue one from his/her work and overburdening oneself.

Love

Loving your ownself is very important. While maintaining a work and life balance a woman is so overburdened that all her time goes for combating other people needs. In her machine like routine she has almost forgotten herself. She must take out time for yoga, exercises, meditation or for any hobby.

Mentor

There will be no leader without a mentor. A mentor is a trustworthy person who guides you and helps you sail through at various levels without having an ulterior motive. Their experiences help you in ascending ladders of the career. But the relationship must be very pure and based on mutual respect and understanding.

Be a thorough Professional

A woman has a tendency of getting jealous easily. But one has to learn to rise above from these attitudes. It will simply generate negativity and take away the inner peace.

Pick up skills

Women executives must lookat their goals, identify the skills they'll need to achieve them. And then look at how they can acquire these skills confidently and well. They must not just accept a sketchy, just-good-enough solution, they must look for a solution, a program or a course that fully equips them to achieve what they want to achieve and, ideally, gives them a certificate or qualification they can be proud of.

Take risks

If a woman executive is underconfident, she'll avoid taking risks and stretching herself; and she might not try at all. And if she is over-confident, she may take on too much risk, stretch herself beyond her capabilities, and crash badly.

She may also find that she is so optimistic that shedoesn't try hard enough to truly succeed. Getting this right is a matter of having the right amount of confidence, founded in reality and on her true ability. With the right amount of self-confidence, she will take informed risks, stretch herself (but not beyond her abilities) and try hard.

Network

In a juggle between home and office a woman executive mostly gets cut off from the friends and her social network. In long run, not just family members; friends, neighbours and colleagues equally play very important role. So women executives must not ignore them. In the long run, such networks become a support group.

Role of Women Executives and work-life balance

High performing male workers are generally backed by women at home who are mostly house wives that give them the freedom to focus on work only, for a high performing women on the other hand, mostly have busier spouses, therefore women are mostly overburdened with work-life balance conflict alone.

For men, their home front has always remained silent in their work place, while women talk a lot about their spouses and children. Probably, women have nothing else to talk about, their life is the daily juggle between home and work. Women, by virtue of themselves have done very well to acknowledge their roles at home; they also want to do well at their salaried job too.

Most men never feel the need of being with the children for longer time or on daily basis. They don't want more details from children and they don't feel guilty. While women on the other hand is under guilt for not giving proper time to their children they even feel bad for not cooking food for them.

But women have to understand whythey areworking, they must first respect themselves,their

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(L to R): Dr. Madhukar Gupta, IAS, Addl. Secretary, DPE and Dr. U. D. Choubey, DG, SCOPE addressing the participants.

The first technical session was taken by Mr. Prasanta Mahapatra, GM, Securities and Exchange Board of India (SEBI), giving an overview of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The second session was taken by Dr. V. R. Narasimhan, Chief Regulations, National Stock Exchange of India Limited (NSE) on the subject of "Preparation of Business responsibility Reports of Public Enterprises by Compliance Officer-Issues and Challenges".

The third technical session was taken by Mr. Sachin Agarwal, Practising Company Secretary, Mr A. K. Rastogi, Company Secretary & Executive Director, NTPC and Mr Inderpal Singh, Company Secretary, BHEL took the last session, and spoke on the special exemptions granted to PSUs under Section 462 of the Companies Act, and challenges faced by the PSUs.

Mr. Vineet Chaudhary, Central Council Member, ICSI and Mr. B.V.K.K. Rao, Adviser (Finance), SCOPE were the Program Facilitators. Mr. Saqib Mehdi, Manager (Finance), SCOPE proposed vote of thanks in the concluding session.

work, and try to move away with the feeling of guilt only then they will be able to make other people understand and comfort them.

The most important among working women is to find a balance between demands of work and family at all level of the career. It is necessary to lean in, cope and sometimes need to sublet the work to a maid or find a way to do it all.

Working Women and Impression on Employers

There is a notion among the employers that hiring a woman means she has to be given maternity leave, child care leave etc. and therefore the productivity will be lower. They also think that professionalism is not amongst them. They work better in a team and thus, can't be given a task to handle alone. Thus, employers are reluctant to hire a female candidate over a male candidate; undoubtedly, a female candidate has a big role to perform at home and to maintain a work life balance. Her health issues are equally important. Therefore, it is also her responsibility to show and prove that she is equally capable of handling any task allotted to her. An honest urge to give a quality work on time will not only remove the stigma but will also set up an example for others.

Every woman has a reservoir of power; she just needs to plan, organize, control and monitor her path that leads to success. In the 21st Century, the scenario has changed a lot for women executives; the government has been making continuous efforts to empower women that yield economic benefits in addition to promoting gender equality. Thus, it is necessary for women to expand their contribution in organizational roles, enhance the repertoire of their social and networking skills and exercise influence in key decision processes.

SCOPE
PROMOTING EXCELLENCE

Conference Facilities at SCOPE Convention Centre

The centrally air-conditioned SCOPE Convention Centre at SCOPE Complex, Lodhi Road, New Delhi provides excellent conference facilities to PSEs, Govt. Departments, Autonomous Bodies, Institutions/NGOs etc. The Auditorium and other Conference Halls are equipped with projector and screen facilities, sound & light control room with recording & P.A. facility, etc. Details of the capacity of the Auditorium and other Halls, which are available on nominal tariff are given below.

Auditorium

The Auditorium having capacity of 310 persons (300 Chairs + 10 Nos. Chairs at stage) capacity equipped with mikes on dias and podium on stage.

Mirza Ghalib Chamber

The chamber having capacity of 108 persons (102 Nos. Chairs + 6 Nos. Chairs on Dias) equipped with mikes on table, dias and podium.

Tagore Chamber

The chamber having capacity of 92 persons (86 Nos. Chairs + 6 Nos. Chairs on Dias) equipped with mikes on dias, tables & podium.

Bhabha Chamber

The chamber having capacity of 44 persons (24 Nos. Chairs on round table and 20 Nos. Chairs on sides) equipped with mikes on dias, tables & podium.

Fazal Chamber

The chamber having capacity of 25 persons (15 Nos. Chairs on round table and 10 Nos. Chairs on sides) capacity with board room type sitting arrangement equipped with mikes.

Business Centre

The Business Centre having capacity of 7 persons equipped with multi point Video Conferencing System (1+3), at three locations at a time for National & International both.

Banquet Hall

The banquet hall having capacity of 500 Persons for the purpose of lunch & dinner. Sitting arrangement could be done for 90 persons.

Annexe I

The Annexe-I having capacity of 25 Persons.

Annexe II

The Annexe-II having capacity of 25 Persons.

Tansen Chamber at UB

The Tansen Chamber having capacity of 50 persons having stage and podium.

Amir Khusro Chamber at UB

The Amir Khusro Chamber having capacity of 50 persons having facility of stage and podium.

For Booking & Tariff details please contact

Mr. M. L. Maurya, GM (Tech.)
Mobile: 9313375238

Mr. A. Zaman, Manager (HR)
Mobile: 9868502306

STANDING CONFERENCE OF PUBLIC ENTERPRISES

1st Floor, Core No. 8, SCOPE Complex, Lodhi Road, New Delhi - 110003 Phone: 011-24360101 & 24361747 • Fax: 011-24361371

SCOPE
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Conference Facilities at SCOPE Minar Convention Centre

SCOPE Minar, an architecturally conceived in the form of two high rise curvilinear tower blocks sitting on a four storey circular Podium Block, is strategically located in Laxmi Nagar District Centre, Delhi -110092 and housing around 40 PSEs of repute. It is one of the known buildings of East Delhi. It has a very size Reception Foyer giving ambience look inside the building. There is a green environment all around the SCOPE Minar with large size planters all around. The building is also having state of art Convention Centre, comprising four halls i.e.

Convention Hall

A large sized Convention hall having sitting capacity of 300 delegates. Various seminars, training programmes, presentations, get to gather etc. are conducted in Convention Hall. It provides ambient and peaceful environment for the programmes.

Meeting Hall

Meeting hall having "U" shaped table, with a meeting capacity of 65 delegates.Most widely used for small size meetings and training programmes, group discussion, power point presentations etc.

VIP Lounge

VIP Lounge having sitting capacity of 60 delegates. The executives and higher level officers, Directors, CMDs can use it as waiting lounge also.

Banquet Hall

A new beautiful Banquet Hall with latest specification of engineering has been created in SCOPE Minar. It has attached huge kitchen and washrooms facility. Around 300 persons can dine in the banquet hall including sitting of 50 persons.

There is a wide space for vehicle parking that cater for a capacity of 700 cars, including the newly built good quality Banquet Hall wherein 300 delegates can comfortably dine at a time, makes it special to deliver an all-round conducive meeting environment .

For Booking & Tariff details please contact

Mr. M. L. Maurya, GM (Tech.) (M) 9313375238 **and Mr. Shubh Ratna**, DCE(C), SCOPE Minar (M) 9873398242, (O) 011-22458176, 22458178, • Email: shubhratna@yahoo.co.in

SCOPE
PROMOTING EXCELLENCE

Interactive Seminar on

Labour Laws with Special Reference to Contract Labour, Outsourcing

Dates: 15th & 16th July, 2016 • **Venue:** Hotel Pinewood, Shillong, Meghalaya

One of the issues with reference to the PSEs is Contract Labour which occupies an important place as much as it is not practicable or necessary tohave a permanent work force in all spheres of business activities. It is inevitable for the PSEs to engage Contract Labour. Owisng to the complex situation of labour market and pending Contract Labour Laws Reform, it is necessary to sensitize officials of public sector enterprises dealing with labour contracts to make them aware of legal implications of engaging contract labour, Principal Employer's responsibilities and liabilities and best practices of engaging contract labour.

Keeping in view the proposed changes and reforms in the labour laws and also sharingof experiences of good practices of management of Contract Labour, outsourcing of business, SCOPE is organizing a two day Interactive Seminar on Labour Laws focusing on Contract Labour, Outsourcing and the Proposed Changes/Reforms in the Labour Laws.

Broad Coverage

- Sharing experiences in the matter of implementation of labour laws and they day to day problems beingfaced and affecting the functioning of CPSEs
- Provide conceptual clarity about the scope and coverage of various labour laws
- Underline the obligations of Principal Employer and contractors
- Implications of various provisions of the Contract Labour (Regulation & Abolition) Act, 1970
- Work out a pragmatic compliance mechanism
- Discuss important judgments of the Supreme Court and High Courts
- Suggest measures/ideas sin connection with proposed amendments reforms to the labour laws

For further details please contact

Mr. Annunay Das, Manager (Admn), Standing Conference of Public Enterprises,
Ist Floor, Core-8, SCOPE Complex, Lodhi Road New Delhi. Tel: 24362604,
Mob: 9818678927, Fax: 24361371 Email: annunaydas599@gmail.com

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Celebration of 7th Public Sector Day

Public Sector Day

SCOPE & Public Sector Fraternity observed a weeklong 7th Public Sector Day Celebrations. Various programs were conducted to celebrate the event with great enthusiasm throughout the nation and abroad.

Weeklong Public Sector Day celebrations at MRPL

The PSU week was observed from 7th to 13th April 2016 in all offices of MRPL. Several programs were held across offices to mark the Public Sector week which included creating awareness among general public by displaying banners in various locations of the refinery. MD's message in Hindi, PPT on contribution of Public Sector in India was uploaded on the company's intranet.

Mr. S. Galgali Chief Vigilance Officer, KIOCL addressing the participants at the Public Sector Day celebrations

Various activities like an essay competition on the topic "Contribution of Oil CPSEs in the Nation's progress" in Hindi, Kannada & English languages, a debate competition on the topic "PSUs as Temple of excellence versus Concept that needs to be revamped" were held and a poster competition was organised on Facebook. Valedictory function was held at the company's training centre in the presence of MD, Directors and Senior officials during which the contribution of PSUs for the progress of the nation was highlighted. The prizes were distributed to winners of the Competitions held during the week. Mr. S. Galgali ITS, CVO, KIOCL was the chief guest of the session who enlightened how Tender Terms and Conditions could be used effectively.

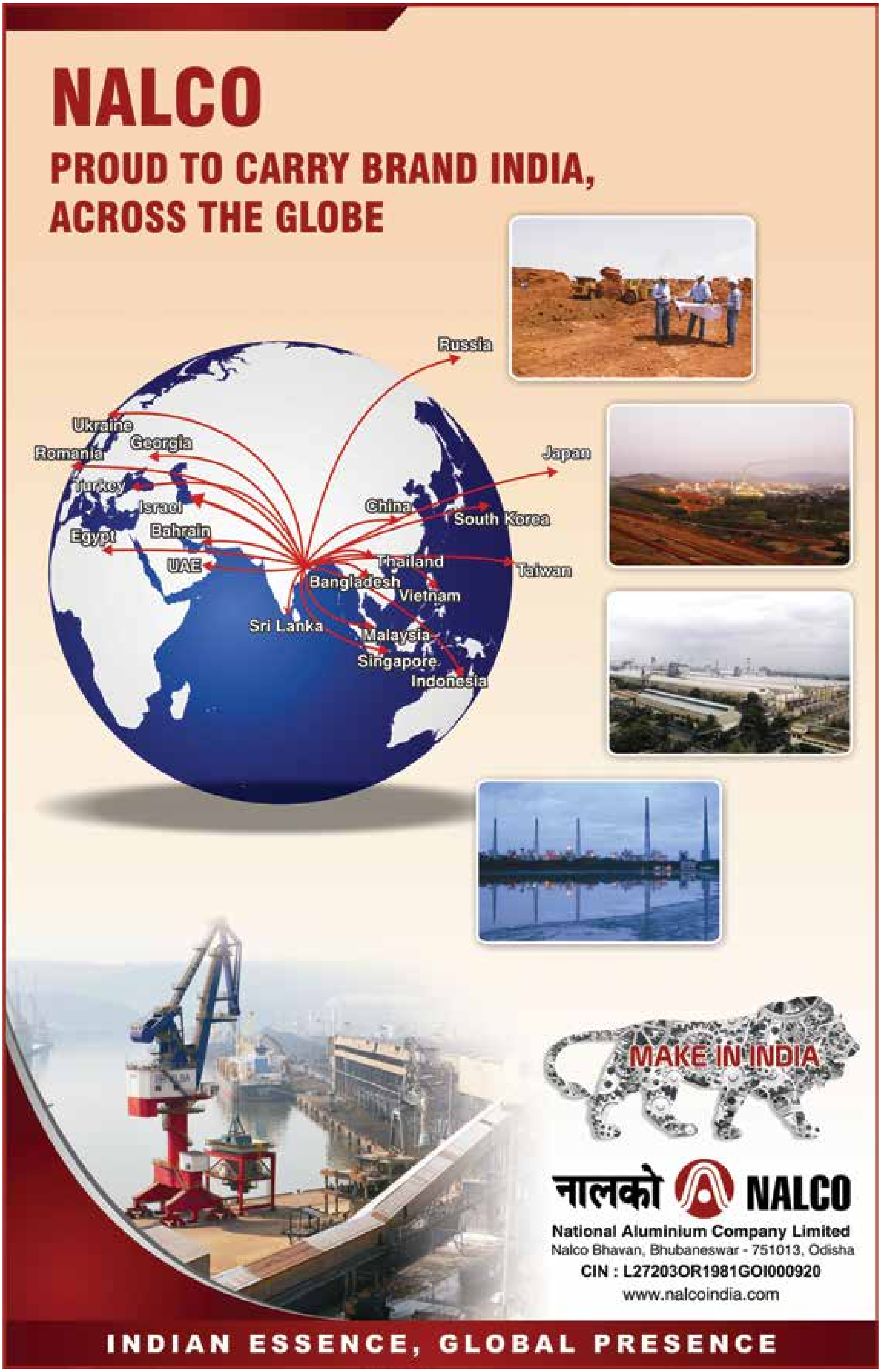
Eastern Coalfields Ltd celebrates Public Sector Day

Eastern Coalfields Ltd (ECL) celebrated Public Sector Week from 10th to 16th April 2016. As a part of the weeklong celebrations, several programmes were conducted at the company's corporate and regional offices. All these programs were conducted under the aegis of SCOPE. While speaking on the occasion, Director (Personnel), ECL, Mr. K. S. Patro said 'India is one of the fastest growing economies of the world today and Public Sector Enterprises have played a key role in its progress. He added that it was keeping the same in mind that Jawaharlal Nehru had named them Temples of Modern India. Public Sector week was celebrated in the regional offices of ECL as well.

Public Sector Week celebrated in DVC

Under the aegis of the Standing Conference of Public Enterprises (SCOPE), DVC celebrated Public Sector Week across its offices & plants from 11th to 16th April. A DVC team visited schools in Kolkata to promote the use of LED among students and to create awareness about LED technology. A debate

Mr. A. W. K Langstieh, Chairman, DVC addressing the Public Sector Day Celebrations.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competition was held on the topic "PSU's are the real contributors to National Growth" at Kolkata HQ and presentation competition was held on the topic "Reforms to Transform India" at HQs and on the topic "Energy Efficiency in Power Plants "at the plants. A total of 35 teams participated in the competitions. A seminar on "Present and Future trends in CSR" was organised at DVC Kolkata. The speakers from BHEL, UNDP and XISS deliberated on the journey of CSR from the pre-independence days to the Companies Act 2013. They concluded that CSR should be a part of the culture of the industries. The Chairman, Member Secretary and Member Technical of DVC graced the occasion. Over 100 executives participated in the seminar. A Quality Circle Quiz was also organized at Chandrapura Thermal Power Station (CTPS) of DVC where 19 teams across DVC participated. Three seminars were also organized at Mejia Thermal Power Station (MTPS), Durgapur Steel Thermal Power Station (DSTPS) and Maithon Hydel Station (MHS) on current issues in Control & Instrumentation, Electrical & Mechanical Engineering respectively.

BEML celebrates Public Sector Day

Mr. P. Dwarakanath, CMD, BEML addressing employees during Public Sector Celebrations.

BEML celebrated Public Sector Day on 7th April 2016. An exclusive programme was organised at Corporate Office to commemorate the occasion. Mr. P. Dwarakanath, CMD was the Chief Guest on the occasion and recalled the growth and development of PSU in India and its contribution to the Indian Economy. Mr. Deepak Kumar Hota, Director (HR), Mr. Pradeep Swaminathan, Director (Finance), Mr. Aniruddh Kumar, Director (Rail & Metro), Mr. B. R. Viswanatha, Director (M&C), Mr. R. H. Muralidhara, Director(Defence) and executives & employees were present on the occasion.

SJVN celebrates Public Sector Week

Public Sector Day Celebration at SJVN.

Weeklong 7th Public Sector Day was celebrated in SJVN w.e.f. 10th to 16th April 2016. Debate/Declamation competition in four locations/units/projects of SJVN between 10th to 16th April 2016 were held on the following topics – Public Sector Units are boon/bane for Economic Development in India, have Nationalization and Public Sector Units served any purpose in India, encouraging Public-Private partnership will enable efficient Infrastructure solution. YES or NO? A total of 35 participants took part in debate/declamation competitions organized at four locations/units/projects of SJVN. The winners of the competition were awarded cash prizes of Rs 5,000/- (first prize), Rs 3,000/- (second prize) and Rs 2,000/- (third prize).

NALCO celebrates Public Sector Day

Weeklong 7th Public Sector Day was celebrated at NALCO's Corporate Office in Bhubaneshwar and plant offices at Damanjodi and Angul from 10th to 16th April 2016. To mark the celebrations banners were displayed at all office buildings. Talks and meetings were conducted at different plant offices to commemorate the week.

PSEs Ink MoU

IREDA signs MoU with Tata Cleantech Capital Limited

Indian Renewable Energy Development Agency (IREDA) signed a Memorandum of Understanding (MoU) with Tata Cleantech Capital Limited (TCCL), a Joint Venture of Tata Capital Limited and IFC Washington (World Bank Group) to promote the cause of Renewable Energy in India. The MoU was signed by Mr. K.S. Popli, CMD, IREDA and Mr. Praveen P. Kadle, MD and CEO, Tata Capital.

Mr. K. S. Popli, CMD, IREDA and Mr. Praveen P. Kadle, MD and CEO, Tata Capital exchanging the signed MoUs.

Both the organizations are specialist Cleantech Financing Institutions deeply invested in their efforts to promote development of renewable energy in India. This collaboration will help both the institutions share opportunities, distribute risks and leverage their respective underwriting capacities. While this arrangement will help TCCL to syndicate and down-sell transactions co-underwritten and co-financed with IREDA, the latter will be able to churn its portfolio and reach its objective of a 'Development Institution' by extending loans to newer projects and newer customers.

While signing the MoU, Mr. K.S. Popli, Chairman and Managing Director, IREDA said, "It is well-known that India will have to look beyond coal to meet its growing power demand. IREDA is committed towards development and growth of Clean Energy Sector in India. Given our common objectives, this collaboration with Tata Cleantech Capital Limited will help combine skills and capacities of two organizations in developing new and innovative products and sharing of best practices."

AAI signs MoU with IATA

Airports Authority of India (AAI), the Air Navigation Service Provider (ANSP) and the largest Airport Operator of the country and International Air Transport Association (IATA) joined hands together for providing a comprehensive e-billing solution to ANSP's and Airport Service Providers for data gathering, e-invoicing and collection of tariff from Airlines. An MoU was recently signed by Mr. Manfred Blondeel, Director, IATA, Enhancement & Financing services & Mr. Anil Gupta, GM- Business Development, AAI in the presence of Mr. S.Suresh, Member Finance & Mr. Rajesh Bhandari, Executive Director Finance, AAI during the strategic level meeting of AAI & IATA on making a collaborative effort. Speaking on the occasion Mr. S. Suresh, Member Finance said AAI & IATA have more than a decade long association of invoicing and collection. During this period the system has been augmented in such a way that it has become a robust and unique as at present there is no other comprehensive e-billing system available for data gathering, invoicing and collection in one system .

Mr. Manfred Blondeel, Director IATA and Mr. Anil Gupta, General Manager (Business Development), AAI exchanging the MoU in presence of Mr. S.Suresh, Member (Finance), AAI (in centre) for comprehensive e-billing solution to various ANSPs and Airport Service Providers. Also seen in the picture is Mr. Rajesh Bhandari, Executive Director (Finance), AAI (second from right).

BDL and DRDO sign MoU

Bharat Dynamics Limited (BDL) and Defence Research and Development Organization (DRDO) signed a Memorandum of Understanding (MoU) for Joint Development and Production of the indigenous Quick Reaction Surface to Air Missile (QRSAM). The missile will be designed and developed by DRDO and will be manufactured by BDL, the Ministry of Defence nominated Production

Mr. V. Udaya Bhaskar, CMD, BDL and Mr. S. Radhakrishnan, Scientist 'H' & Director, Industry Interface & Technology Management, DRDO HQ, Ministry of Defence exchanging documents after signing the MoU at DRDO.

Agency, for supply to the Indian Army.

The MoU was signed by Mr. V. Udaya Bhaskar, CMD, BDL and Dr. K. Jayaraman, Director, DRDL recently at DRDL. Directors and Senior officials from BDL and DRDO were present on the occasion. QRSAM has an advanced RF seeker with multiple target handling capability. It is canister launched and has a range upto 30 kms.

MSTC signs MoU with Mahindra Intertrade

Mahindra Intertrade signed a Memorandum of Understanding (MoU) with MSTC Ltd for a joint initiative to set up India's first auto shredding facility. The proposed facility will be equipped with state-of-the-art, fully automated end-of-life vehicle recycling equipment and will be India's first such

MoU being signed between MSTC and Mahindra Intertrade.

facility. This is expected to facilitate recycling of scrapped automobiles. Speaking on the occasion, Mr. S. K. Tripathi, CMD, MSTC Ltd. said, "MSTC is always looking at innovative ways to recycle scrap and protect the environment and this facility will help to participate in the emission targets which India has promised to fulfill via the COP 21 Emission Treaty."

So far, auto-shredding in India has been largely an unorganized activity with vehicles long past their usable life still in use, especially in rural and semi-urban India. "The concept of vehicle scrappage is still new to India as compared to the West where it is a lucrative industry. Recycling, if done correctly, is not only environment friendly but will also help keep older vehicles off the streets," said Zhooben Bhiwandiwala, Managing Partner, Mahindra Partners. According to Sumit Issar, MD, Mahindra Intertrade Ltd., "Our study indicated that recycling not only saves energy costs but also minimizes the need for other resources as every tonne of new steel manufactured from scrap steel saves a substantial amount of iron ore, coal and limestone. Moreover, if India focuses on scrapping old automobiles, it can recover significant amounts of steel scrap, aluminium scrap, plastic and rubber. Hence, there is a pressing need for facilities such a this one."

PSEs Register Impressive Performance during 2015-16

IndianOil Refineries mark new records of performance during 2015-16

IndianOil refineries achieved a new record of crude throughput of 56.1 MMT with a capacity utilization of 103.5 percent during the year 2015-16. IndianOil's nine refineries also marked the best-ever combined distillate yield of 80.5 wt percent, surpassing the previous best of 78.8 percent during 2014-15. This was shared by Mr. Sanjiv Singh, Director (Refineries), while addressing the employees of the company recently.

Mr. Sanjiv Singh, Director (Refineries) along with other officials unveiling the new records of performance.

Congratulating the employees of the largest refiner of the country for the praiseworthy performance, Mr. Sanjiv Singh said that with focused efforts towards energy conservation, the refineries achieved lowest Fuel & Loss (F&L), Specific Energy Consumption (MBN) and Energy Intensity Index (EII) at 8.53 percent, 53.8 and 101.2 respectively, as compared to the previous best of 8.77 percent, 54.4 and 104.5 for the year 2014-15.

With the Prime Minister of India dedicating this flagship refinery at Paradip on 7th February, 2016 to the nation, IndianOil's refining capacity from nine refineries has been enhanced to 69.2 MMTPA.

The commissioning of INDMAX Unit at Paradip (4.17 MMTPA), based on the indigenous technology developed by the company's R&D Centre was another golden milestone for IndianOil, achieving global recognition as a technology supplier and a tribute to the Make in India movement. Several new projects have been approved during 2015-16.

HAL's Turnover surges to All Time High

HAL's turnover surged to Rs 16,524 crs. for the FY 2015-16. "It is all time high with PBT standing at Rs 3210 crs. for the year", said Mr. T. Suvarna Raju, CMD, HAL. All 12 Su-30 MKI aircraft produced during the year were from raw material phase while production of 17 Hawk aircraft is the highest ever achieved in a year", he added.

The production highlights of the year 2015-16 included 60 new aircraft and helicopters, overhauling of 229 aircraft and helicopters, 94 new engines, 446 engines overhauled and supply of 143 aerospace structures. On 'Make in India' front 2021 items were indigenized which will result in FE savings of Rs 126 crs. annually. More than 300 imported systems and sub-systems have been hosted on HAL's website (Make in India section) to enable private industries to take up indigenization.

Su-30 MKI Aircraft.

HAL made a contribution of Rs 4284 crs. to the Government as buyback of 25 percent of the share capital and free reserves apart from paying a dividend of Rs 510 crs. for FY 2015-16 and the Company achieved a turnover of Rs 15622 crs. for FY 2014-15 and PBT of Rs. 3173 crs. **Note:** These are provisional financial numbers.

BEL achieves turnover of Rs.7,510 Crs.

Bharat Electronics Limited (BEL) ended the year 2015-16 by registering sales turnover (provisional) of Rs.7,510 Cr., a growth of 12 percent over the previous year's turnover of Rs.6,695 Cr.

BEL achieved exports worth USD 85 million in 2015-16, registering a growth of 47 percent over the previous year's export turnover of USD 58 million.

Some of the major projects executed during the year were Akash Missile System, Low Level Light Weight Radar, Naval Communication and Fire Control Systems, Night Vision Devices, 3D Tactical Control Radar, Schilka Weapon Upgrade, Shipborne Electronic Warfare System, Hull Mounted Sonar Humsa 3G, Heliborne Surveillance & Targeting System and L-70 Gun Upgrade.

Record Generation by NTPC Stations

NTPC recorded highest ever annual generation of 241.98 BUs (excluding JVs) in the financial year 2015-16. Company exceeded its capacity addition target by adding 2255 MW taking NTPC Groups total installed capacity to 46653 MW as on 31st March, 2016 . NTPC's solar stations achieved highest ever generation of 160.8 MUs at a CUF of 16.64 percent. Four coal power stations of the company were amongst the top 5 in the country in terms of PLF during the period. Company met its capex target of Rs. 25000 crore during the year and also achieved 100 percent realization of the dues. Coal Mining activities shall also commence at its Pakri Barwadih Mine soon. Company reduced its imported coal consumption by 42.19% during the year to 9.47MMT from 16.38 percent during last year.

Company's efforts during second half of FY 16, as a result of rationalization of coal linkages, reduction in imported coal consumption, enforcement of third party sampling of coal and other measures led to reduction in energy charges of coal stations by nearly 20 percent. NTPC shall endeavor to bring down the energy charges further to help the Discoms.

With capacity addition of 9550 MW during the current plan, NTPC is all geared up to achieve the target of 11920 MW for the 12th five year plan ending 2016-17.

NTPC commissioned Unit 3 and 4 at Koldam - 400 MW in Himachal , Bongaigaon unit 1-250 MW in Assam, Vindhyachal unit 13 - 500MW in Madhya Pradesh, BRBCL Nabinagar unit 1 - 250 MW in Bihar, Kanti unit 3 - 195 MW in Bihar, Mouda unit 3-660 MW in Maharashtra during the year.

Under its CSR activities, the company will continue to provide safe drinking water and focus on training and skill development of people in the vicinity of its projects and stations. The options of installing water ATMs and opening of generic medicine shops to provide access to low cost medicines for them is also being explored.

BHEL creates new benchmarks in FY 2015-16

Bharat Heavy Electricals Limited (BHEL) recorded the highest-ever commissioning of Projects in its history and the highest Order Booking in the last Five Years in fiscal 2015-16, ending the year with significant traction in growth drivers.

BHEL commissioned and synchronized an all-time high 15,059 MW of power generating equipment during the year. With this, the worldwide installed base of power generating equipment supplied by BHEL exceeded 170 GW. This included the highest-ever power generation capacity addition of 13,061 MW to the Indian utility segment, a quantum jump of 59 percent over the previous year. Notably, the capacity addition of domestic utility sets was 23 percent higher than the target set by the government for BHEL. With this, BHEL achieved 94 percent of the capacity addition target for the XII Plan in first 4 years itself.

Despite intense competitive pressure in the power and capital goods markets during the year, BHEL achieved the highest order booking in the last five years, at Rs.43,727 Cr., a 42 percent leap over 2014-15. This comprised orders worth Rs.38,529 Cr. in the Power segment and Rs.5,125 Cr. in the Industry segment. The company ended the year with a total order book of over Rs.1, 10,000 Cr.

Significant orders in the Power segment included 5x800 MW Yadadri TPS (Engineering Procurement Construction (EPC)) from TSGENCO, Telangana; 2x800 MW Uppur (Boiler Turbine Generator (BTG) package) from TANGEDCO, Tamil Nadu; 2x800 MW Telangana STPP (Steam

Generator package) Ramagundam from NTPC; 1x800 MW North Chennai Extn. (BTG) from TANGEDCO; 1x800 MW Vijayawada (BTG package) from APGENCO, Andhra Pradesh; 1x800 MW Krishnapatnam (BTGpackage) from APPDCL, Andhra Pradesh and 1x525 MW Tuticorin (BTG package) from SPIC Electric Power Corp. Pvt. Ltd.

During the year 2015-16, 55 percent of the supercritical sets commissioned in the country, aggregating to 4,140 MW were contributed by BHEL. This included the commissioning of its first highest-rating 800 MW set at Yeramarus, 700 MW set at Bellary, two 660 MW sets at Lalitpur and one each at Bara and Mouda.

In the export market, marking a major milestone in the 'Make in India' initiative, Sudan's largest thermal power plant, Kosti TPS (4x125 MW), was commissioned by BHEL on EPC basis. The power plant was inaugurated by the President of Sudan, H.E. Omer Hassan Ahmed El-Basheer. In 2015-16, BHEL also forayed into new markets with maiden orders from Belgium and Mozambique, expanding its global footprint to 78 countries.

During 2015-16, BHEL recorded a turnover of Rs.26,702 Crore(Provisional). With a Net Profit of Rs.396 Crore during Q4 FY16, the company made a Net Profit (loss) of Rs.(877 Crore) during the year. The performance during the year has been impacted mainly due to continued subdued business environment, resulting in reduced level of operations and non-lifting of hold in most of the stranded projects.

Union Minister for HI&PE reviews Performance of BHEL

Union Minister of Heavy Industries & Public Enterprises, Mr. Anant Geete, reviewed the performance and the future readiness of BHEL during a visit to the company's Corporate Office recently. Mr. Atul Sobti, CMD, BHEL and all Functional Directors on the Board of BHEL, welcomed the Minister.

Mr. Girish Shankar, Secretary, Dept. of Heavy Industry (DHI); Dr. S. C. Pandey, AS & FA, Dept. of Industrial Policy & Promotion, Mr. R. K. Singh, Joint Secretary/DHI and other senior officials of DHI and BHEL were also present on the occasion.

Appreciating the role of BHEL as the pillar of India's Heavy Electrical Equipment industry since its inception, Mr. Geete commended the company's leadership role on attaining an all-time high commissioning/synchronization of 15,059 MW of power generating equipment during the last year. He expressed his happiness over the company surpassing the Govt. of India's target for power generating capacity addition by 23 percent and achieving 94 percent of the XII Plan target in the first four years itself.

CCL Performance in 2015-16

During the period 2009-10 to 2012-13, the coal production of Central Coalfileds Ltd. (CCL) was stagnating around 48 Million Tonnes (MT). The company was holding inventory (coal stock) of about 16 MT (about 33 percent of annual production) for years together and because of its age, coal stocks had indications of spontaneous heating at many places. Many ongoing projects had acute shortage of land as land owners were not giving physical possession of their land to CCL. The employees were demotivated and demoralized. Same company, with the same set of employees has achieved unprecedented growth in the last three years.

Coal Production

During financial year 2015-16 the company produced 61.35 MT of coal, the highest ever, against the target of 60.60 MT and last year achievement of 55.65 MT. The growth in coal production was about 10.25 percent. This is the second consecutive year when CCL has achieved double digit growth and achieved its target as well. The double digit growth is likely to continue in future.

Overburden Removal

During financial year 2015-16 the company could remove about 106.9 Million Cu.m. overburden , the highest ever, against the target of 100.0 Million Cu.m. and last year achievement of 97.376 Million Cu.m. The growth in OB removal was about 10 percent , which was over and above the 65 percent growth achieved in OB removal in 2014-15. The achievement was about 107 percent of the target.

Coal Off-take

The Coal Off-take during 2015-16 was about 59.6 million tonnes, the highest ever, last year achievement of 55.34 million tonnes. The growth was about

8 percent over last year.

Productivity growth

The productivity (measured by OMS) in 2015-16 reached 6.48 T, recording an unprecedented growth of about 19 percent .

Zero Grievance company: Main priority of CCL for the year 2016-17 is to make CCL a zero grievance company. Samadhan Kendra has been set up in HQ and in all areas for expeditious redress of grievance of stake holders.

Commissioning of Green Field Projects: During a span of about 3 years – i.e. 2013-16, 6 Greenfield projects have been commissioned , which has no parallel in the coal industry. On May 3rd last year Magadh Project under Magadh & Amrapali area of CCL was inaugurated which has capacity of 51 MT per year and can go up to 70 MT.

Proposed World's largest Single Pit Coal Mine MAGADH OCP. (Normative Capacity 51 MTY & Peak Capacity 70 MTY). Scheduled date of commissioning – April' 2006. Actual date of commissioning - May' 2015

Piparwar Railway Siding -

Scheduled date of commissioning – 1998

All disputes with villagers have been resolved and this railway line is to be commissioned by Dec 2016.

Land authentication: Land authentication process was greatly expedited in 2015-16 due to active support of the State Govt.. Out of the 11,684 acre of land authenticated in the last three years, 10,289 acre of land was authenticated in 2015-16 alone.

Modernization and construction of washeries: Owing to modernization, growth in washed non coking coal production was about 29 percent .

Three new washeries are already in the process of being set up. Tenders for 2 washeries Karo (3.5 MTY) and Konar (7MTY) have already been floated. All new mines with a capacity of more than 10 MTY are being planned to have their own washery along with reject based power plant.

WCL registers highest growth in production

Western Coalfields Limited registered highest ever growth in coal production during the 2015-16 fiscal. The company recorded a growth of about 9 percent which is highest in last 30 years. WCL was continuously registering negative growth since last five years till 2013-14 and made a turn-around first time with 3.4 percent growth during 2014-15. WCL also recorded the highest composite volume of production of about 184 MCum with 23.16 percent.

The company registered coal production of 44.82 Million Tonnes with absolute growth of 8.9 percent during FY 2015-16, over last year's 41.15 Million Tonnes. Similarly, the highest ever growth was registered in OB removal of 155.15 MCum with 26.2 percent growth as compared to last fiscal. The company has performed well in Coal Offtake with 2.6 percent growth over the last year. Rake loading of 17.9 rakes/ day against actual of 16 rakes / day last year with an ever highest growth of 19.4 percent over last year.

The company also opened 11 projects with ultimate capacity of 24.84 MTY (6 new projects & 5 replacement projects) with sanctioned capital of Rs.3601.04 Crores during past fiscal & company also took the highest ever land (in last 25 years) 2796.73 Ha in its physical possession which is 104.08percent more than last year's 1370.43 Ha , which enabled WCL to open New Projects. The company installed -100 mm crushers during FY 2015-16 for supplying -100mm coal to Power houses.

Besides these achievements , the company also launched many pioneering and widely appreciated initiatives during the Financial Year 2015-16 which included :

• Opening of four Skill development centres in its command areas, where 1711 PAPs and villagers living in and around of its command areas were trained during the year 2015-16.

• Gainful utilization of water discharged from the Mines under "Jal Sahayog", "K2K" , contributions towards "Jalyukta Shivar" schemes, where thousands of villagers were benefitted.

• Eco Mine Tourism, the first of its kind in the country. The initiative was appreciated and specially mentioned by the Prime Minister of India during his "Mann Ki Baat" on March 27, 2016. The initiative iwas undertaken to create awareness of coal mining & ecological balance among the populace.

• Under Swachh Bharat Abhiyan , WCL constructed 4478 number of toilets in government schools of 10 districts of Madhya Pradesh with an approved budget of 86.62 Crores.

PSEs CSR Initiatives

Minister of Urban Development Inaugurates NBCC Implemented NAMMA Model Public Toilet

Mr. M. Venkaiah Naidu, Minister of Urban Development, inaugurated a NAMMA Public Toilet at Preet Vihar Shopping Centre, New Delhi recently as a part of the continued initiative towards Swachh Bharat Mission by the Government.

Mr. M. Venkaiah Naidu, Minister of Urban Development, inaugurating a NAMMA Public Toilet at Preet Vihar Shopping Centre, New Delhi recently.

Mr. Rajiv Gauba, Secretary (UD), Mr. D. S. Mishra, Addl. Secretary (UD) and Dr. Anoop Kumar Mittal, CMD, NBCC were among other dignitaries, present on the occasion. Implemented by NBCC at a cost of Rs.13 lakh, the modular toilet has been designed to discourage open defecation and is made of composite board. The toilet module is prefabricated single mould without joints and its interiors are seamless with no sharp edges and corners to avoid dust accumulation. Made to serve the convenience of physically challenged, women and men, the public toilet has also been provided with excellent interior lighting with natural light in day by a polycarbonate translucent roof sheet with metal protection to meet the requirements of sufficient power supply in the toilet all along. In order to address the issue of waste disposal which is of primary importance, the whole system has been connected with underground sewer lines already existing at the place.

NAMMA Public Toilet at Preet Vihar Shopping Centre.

This is a significant initiative by NBCC which, under the patronage of the Ministry of Urban Development, has taken a lead in Swachh Bharat campaign of the Government of India, beginning since 2014. NBCC has been implementing a total of 30 such NAMMA Model Public Toilets in Delhi under its CSR initiative and being implemented by the Company Subsidiary named NBCC Services Ltd. (NSL), which has been mandated to take up such activities all across the country.

GAIL contributes towards skill development in Andhra Pradesh

Mr. B. C. Tripathi, CMD, GAIL (India) Limited handed over a cheque of Rs. 10 crore to Mr. Chandra Babu Naidu, Chief Minister of Andhra Pradesh towards skill development and livelihood generation for the youth of Andhra Pradesh. The contribution was made to APSSDC as a part of CSR Initiatives of GAIL recently in New Delhi. Mr. M. Ravindran, Director (HR) GAIL, Ms Vandana Chanana, ED (CSR), GAIL and the senior officials of Government of Andhra Pradesh were also present on the occasion. The objective of the project is to enhance the employability of the youth through provision of high quality, globally relevant and vocational training for 2000 candidates for skill training in hydrocarbon and oil and gas sector in identified trades such as certificate program in Welding, Electrical Trade, Piping Fitter, Maintenance Mechanic and Assembly Mechanic.

Mr. B. C. Tripathi, CMD, GAIL (India) Limited handing over a cheque of Rs. 10 crore to Mr. Chandra Babu Naidu, Chief Minister, Andhra Pradesh.

In Andhra Pradesh alone, GAIL implemented many programmes such as concrete road construction at four locations in East Godavari region besides providing bore well pumping main and generator, LED lights, construction of rooms of the school and compound wall during the last year. Under GAIL Kaushal Scheme, 317 beneficiaries were registered in GAIL Institute of Skills. GAIL operates mobile medical van for 25 villages benefitting more than 25,000 patients for free medical services, while Health Camp and free eye checking camp were also organised. GAIL installed RO Plants in 89 villages in East and West Godavari Districts. GAIL constructed 1627 toilet units in East and West Godavari Districts under Swachh Bharat Vidyalaya Abhiyan, installation of 1076 solar LED Street Lights in 53 villages for 1.28 lakh of beneficiaries. GAIL is also contributing Rs. 10 crore towards construction of KG Hospital in Vizag. Under GAIL – Ujjawal, scholarships to underprivileged and meritorious students are being given every year besides assistive devices to persons with disabilities. GAIL installed a mechanised laundry in Government General Hospital at Kakinada and working for development of infrastructure projects in coordination with District Administration. Training programme to rural women skill development on non-woven fabric cloth bags and screen printing works has also being undertaken at Mamidikuduru Mandal of East Godavari District to set the skill for very poor ladies.

GAIL contributes two per cent of its net profit towards Corporate Social Responsibility programmes in various identified thrust areas such as Health, Education, Infrastructure, Drinking Water, Sanitation and Environment centric initiatives near its work centres across the country.

RCF Jyoti Ladies Club helps Cancer Patients

Ms. Kowsalya Rajan, President, RCF Jyoti Ladies Club alongwith the other memebers & cancer patients.

Ms. Kowsalya Rajan, President, Ms. Anita Ghasghase, Vice President, RCF Jyoti Ladies Club donated two Television sets to cancer patients at youth council, Chembur in presence of Ms. Varsha Kaloti, Secretary, JLC, Ms. Neelambari Gokhale, Ms. Sangeeta Pawar, other members of Jyoti Ladies Club and Mr. Raju Dalvi, Mr. Vilas Mehta, and Mr. Babu Jogdand from Youth Council.

NALCO plans Solar Electrification of 163 tribal villages

National Aluminium Company Limited (NALCO) has decided to install solar electrification systems in 163 periphery villages in tribal dominated

Solar Street Lights in a village, installed by NALCO.

Damanjodi sector of Koraput district, where the company's Mines & Refinery Complex is located. This Rs. 9 cr. project shall be executed through NALCO Foundation, the CSR arm of the company. The Foundation has already installed 30 solar street lights in 2 villages, as a pilot project.

Besides, NALCO also received proposals from local Sarpanchs, MLAs, MPs and District Administration to take up different projects towards the infrastructure development in the villages around Damanjodi and Pottangi. In this line, in the first phase, NALCO is planning to implement 49 projects at a cost of Rs. 15.83 cr. In the second phase, 32 projects shall be implemented with an estimated cost of Rs. 24.33 cr.

In the field of employment generation for the project affected people in Damanjodi sector, NALCO has taken up significant steps. The company has provided employment to all the 600 Land Displaced Persons, barring one for want of nominee. Going a step further, the company has now identified 235 substantially affected persons, who have lost 1/3rd or more land for the project of NALCO in this sector. The list of nominees from the identified families is being prepared by the District Administration. Out of the names nominated so far, 3 persons have been employed in the company and rest nominees are in the process of getting employment.

Jagruti Mahila Mandal of Mahanadi Coalfields Ltd. visits DAV school at Anand

Jagruti Mahila Mandal at DAV School.

Jagruti Mahila Mandal of Mahanadi Coalfields Ltd. visited DAV school at Anand recently under the guidance of president Dr. Nisha Thakur, First lady of MCL & Vice president Ms. Jyotirmoyee Parida. Ms. Manjari Sinha, Secretary, Ms. Protima Ghosh Jt. Secretary & other members of JMM also attended the celebration and distributed Books, uniforms & stationeries among the students below poverty line. Dr. Thakur inspired the students by saying our aim is to give proper education to the students so that they can stand on their own feet because students are the future of our Country. If the students stand on their own feet their families will grow up and the country will develop.

EIL signs contract with **Bangladesh Petroleum Corporation**

Engineers India Limited (EIL) formally entered into a contract with Bangladesh Petroleum Corporation (BPC) to render Project Management Consultancy ("PMC") for "In-stallation of ERL Unit-2" in Chittagong, Bangladesh for USD 16,545,000 plus BDT 82,281,025/- (inclusive of local taxes in Bangladesh such as AIT and VAT). The contract was signed recently in presence of our Minister of State (I/C) for Petroleum and Natural Gas, Mr. Dharmendra Pradhan; State Minister for Power and Energy of Bangladesh, Mr. Nasrul Hamid; and other senior officials of EIL, BPC and Eastern Refinery Limited (ERL). This will be the largest ever single consultancy assignment for EIL in Bangladesh. BPC will implement the ERL Unit-2 project at a cost of US 1.7 billion dollars (approx 15,000 crore in Bangladesh Taka) over the next three years. ERL was set up at Patenga in 1968 and its installed refining capacity was 1.5 MMTPA, which after the implementation of this project would go to 4.5 MMTPA.

KIOCL Organizes KC Khanna Memorial Lecture Series

In memory of the founder Chairman of KIOCL Limited, K. C. Khanna Memorial Lecture Series-II was organized at KIOCL Corporate Office in Bengaluru recently.

Dr. T.V. Ramachandra, Environmental Scientist, Indian Institute of Science inaugurating K.C. Khanna Memorial Lecture Series-II at the Corporate office of KIOCL.

The Chief Guest on the occasion, Dr. T. V. Ramachandra, Environmental Scientist and Convenor, Environmental Information System, Centre for Ecological Sciences, Indian Institute of Science, Bengaluru spoke on the role of Western Ghats in sustaining natural resources and in ensuring food and water security to the peninsular India. He emphasized the need for sensible planning while proposing or implementing any interventions in the ecologically fragile Western Ghats. Mr. Malay Chatterjee, CMD, KIOCL Ltd. thanked Dr. T.V. Ramachandra and assured that KIOCL will abide by all the measures for maintaining the flora and fauna of the region for the generations to come.

Late Shri K.C. Khanna adopted the most advanced and world class technology for establishment of Kudremukh Iron Ore Company Limited. A short movie on Raise of Kudremukh was screened on the occasion.

CPCL's Golden Jubilee Logo Unveiled

Mr. B. Ashok, Chairman, IndianOil, unveiling the Golden Jubilee Logo of CPCL at CPCL's Corporate Office.

Mr. B. Ashok, Chairman, IndianOil, unveiled the Golden Jubilee Logo of CPCL at CPCL's Corporate Office recently. Mr. Sanjeev Singh, Director (Refineries), IndianOil, Mr. Gautam Roy, MD, CPCL, Mr. S. Venkataramana, Director (Operations), Mr. U. Venkataramana, Director (Technical), Mr. S. Krishna Prasad, Director (Finance), Mr. D. P. Naidu, CVO, and senior officials of IndianOil and CPCL were present on the occasion. The Chairman reviewed the operations and future projects of CPCL's Manali Refinery and its Cauvery Basin Refinery at Panangudi near Nagapattinam. Speaking on the occasion, Mr. Ashok complimented the employees for their untiring work in turning around the company. He urged them to continue the efforts towards ensuring the consistency in physical performance throughout the year and completion of projects in time.

Inauguration of KV Nellore, implemented by HSCL

Mr. M.Venkaiah Naidu, Union Minister for Urban Development and Parliamentary Affairs inaugurating the new Cluster Buildings of Kendriya Vidyalaya, Nellore

Mr. M.Venkaiah Naidu, Union Minister for Urban Development and Parliamentary Affairs inaugurated the new Cluster Buildings of Kendriya Vidyalaya, Nellore implemented by Hindustan Steelworks Construction Limited recently in presence of Mr. P. Narayana, Minister for Urban Development, Andhra Pradesh, Mr. M. Rajmohan Reddy, M.P, Mr. K.Sreedhar Reddy, M.L.A., Mr. V. Narayana Reddy, local M.L.C, Mr. Abdul Aziz, Mayor, Ms. M.Janaki, Collector Nellore and senior officials of HSCL.

The Minister said that he wished to build up the KV-Nellore as a Model Kendriya Vidyalaya in the country and all the basic amenities would be provided. He donated one lakh rupees by "Swarna Bharath Trust" to establish computer education/training and expressed his appreciation over the cultural programmes performed by the students reflecting the cultural tradition of our country.

Secretary MSME inaugurates NSIC Annual Review Conference 2016

Mr. K. K. Jalan, Secretary, MSME inaugurating NSIC Annual Conference.

NSIC's Annual Review Conference 2016 held at Agra was inaugurated by Mr. K. K. Jalan, Secretary, MSME in the presence of Mr. Ravindra Nath, CMD, NSIC, Mr. Manoj Joshi, Joint Secretary, MSME and Mr. P.Udayakumar, DPM,NSIC. The conference provided a platform for outlining NSIC's Business plan projections for 2016-17.

MD, REIL inaugurates SuryaCon 2016

MD REIL addressing the audience at Suryacon 2016.

EQ International organized SuryaCon 2016, a conference on Solar Business, Technology, Finance, Policy & Regulation, with special focus on Rooftop solar, Solar parks, Offgrid Solar & Solar applications in New Delhi recently.

Mr. A. K. Jain, MD, REIL lighting the lamp during inaugural session.

Speaking at the conference Mr. A.K. Jain, MD, REIL said that , "Energy Storage is as important as Energy Generation, Make in India to be focused more for overall success and self reliance." He lighted the lamp during the inaugural session and addressed the audience focusing on Make in India manufacturing competitiveness. He also emphasized that electricity storage is as important as electricity generation. Industry needs to be aggressive and expand its manufacturing base.

NTPC NETRA Research on Bio Fuels

NETRA, the R&D arm of NTPC has started a pilot briquetting plant towards harnessing green power through various Bio-fuel Research projects including Biomass for gasification and power generation. The plant is being used for making briquettes (combustible biomass) of leaves, grass generated at NETRA with Mill rejects for their suitability as a Biofuel.

A pilot set developed at NETRA having capacity 250 kg/hr and diameter size 40 mm was commissioned and inaugurated by Mr. R. K. Srivastava, ED (NETRA) recently.

Parliamentary Consultative Committee **visits RCF**

Mr. Hansraj Gangaram Ahir, Union Minister of State for Chemicals & Fertilizers with Members of the Parliamentary Consultative Committee and Mr. R. G. Rajan, CMD, RCF.

The Parliamentary Consultative Committee under the Chairmanship of Mr. Ananth Kumar, Union Minister for Chemicals & Fertilizers visited RCF Trombay plant and met RCF management recently regarding production of Neem coated Urea and other issues along with Mr. Hansraj Gangaram Ahir, Union Minister of State for Chemicals & Fertilizers, Mr. Anuj Kumar Bishnoi, IAS, Secretary (Fertilizers), Mr. Dharampal IAS, Jt. Secretary, Dr A. K. Padhee, IAS, Jt. Secretary, DoF & CVO and other dignitaries. Mr. R. G. Rajan, CMD, Rashtriya Chemicals & Fertilizers Ltd., briefed about company's performance. The committee expressed pleasure about overall performance of RCF. Mr. C M T Britto, Director (Technical), Mr. Ashok Ghasghase, Director (Mktg.), Mr. Suresh Warior, Director (Fin.) and senior executives attended the meeting.

Union Minister of State for **Civil Aviation applauds AAI**

Dr. Mahesh Sharma, Union Minister of State for Civil Aviation lighting the lamp on the occasion of AAI's 21st Annual Day Celebrations in the presence of Mr. R.N. Choubey, Secretary (Civil Aviation), Ms. M. Sathiyavathy, DGCA, Mr. Sudhir Raheja, Chairman and other Board Members of AAI.

Airports Authority of India (AAI) tasked for providing state-of-the-art passenger facilities and air navigation services at all the airports in the country celebrated its 21st Annual Day recently in New Delhi. Dr. Mahesh Sharma, Union Minister of State for Civil Aviation was the Chief Guest and Mr. R.N. Choubey, Secretary (Civil Aviation) was the Guest of Honour in the function.

Before the start of the cultural programme, the AAI achievers in their respective fields were felicitated for their commendable contribution, key awardees being Airport Director, Jaipur, Lucknow, Goa, Trivandrum and Srinagar for the best ASQ Rating by Airports Council International for their airports. The awards were given by the Minister in the presence of other dignitaries.

Speaking on the occasion, the Minister asserted that seeing the phenomenal growth over the last two years, the Indian Aviation sector is set to improve its global ranking from No. 9 to No. 3 by 2020. He also congratulated the entire AAI family for the commendable achievements in the recent past in the field of development of airports infrastructure, air - navigation services, corporate social responsibilities, etc.

NALCO & IMIDRO to constitute Joint Task Force

National Aluminium Company Limited (NALCO) and Iranian Mines & Mining Industries Development & Renovation Organization (IMIDRO) will constitute a Joint Task Force, comprising senior projects, operations and marketing executives of NALCO, Directors of Ministry of Industries, Govt of Iran and senior executives of Iranian Aluminium Company (IRALCO) to deliberate on the proposed smelter and gas-based power plant in Chabahar Free Trade Zone. The Joint Task Force has been given three months to submit its report.

Deputy Minister of Iran and Chairman, IMIDRO greeting Dr. Tapan Kumar Chand, CMD, NALCO in Tehran.

"The project would help NALCO to use low cost energy available in Iran for conversion of its alumina, presently exported to international markets, to aluminium. The aluminium products from the Joint Venture Company are expected to be highly cost competitive combining the advantages of low cost NALCO alumina and low cost Iranian energy," said Dr. Tapan Kumar Chand, CMD, NALCO. Dr. Chand was in Iran as part of Indian business delegation, led by Dharmendra Pradhan, Union Minister for Petroleum and Natural Gas. During this visit, Dr. Chand held discussions with Deputy Minister of Industry, Mines & Trade, Govt. of Iran, Chairman of IMIDRO and top officials of Govt. of Iran and other aluminium companies.

Consumers Meet held in WCL

CMD, WCL Mr. Rajiv R Mishra along with Director Technical (Operations) Mr. S. S. Malhi, Director (Finance), Mr. S. M. Chowdhury, General Manager (Sales and Marketing), Mr. R. D. Roy, General Manager (Quality) Mr. R. G. Swarnkar at the Consumers meet held recently.

A day long Consumers meet was organised by sales and marketing department of WCL on "Auction of Coal linkages for Non Regulated Sectors Consumers". CMD, WCL Mr. Rajiv R Mishra was the Chief Guest of the meet whereas Director (Marketing) Coal India Limited Mr. S. N. Prasad graced the occassion as Special Guest and speaker.

While addressing the consumers Mr. Prasad informed them about the new policies of Ministry of Coal on "Auction of Coal linkages for Non Regulated Sectors Consumers". He guided them on how the non regulated consmers can get coal linkage like regulated consumers under "Auction of Coal linkages for Non-Regulated Sectors Consumers" scheme. Mr. Rajiv R. Mishra CMD, WCL said, "Our prime concern is transparency. Power consumers are already being offered -100 MM crushed coal by WCL. We seek consumer's cooperation to make it success." He added that ongoing and next fiscal are being observed as "Home Coming" fiscals for the consumers.

Awards & Accolades

RCF Bags India Pride Award for Excellence for PSU's of India

Mr. R. G. Rajan, CMD, RCF, receiving the award from Mr. Radha Mohan Singh, Union Minister of Agriculture and Farmers Welfare.

Mr. R. G. Rajan, CMD, Rashtriya Chemicals and Fertilizers Ltd., (RCF) received "India Pride Award" for Excellence for PSU's of India in Agriculture and Associates including irrigation category by Mr. Radha Mohan Singh, Union Minister of Agriculture and Farmers Welfare in presence of Mr. M. Venkaiah Naidu, Union Minister of Urban Development, Mr. Shankar Prasad, Union Minister of Communication and IT and other dignitaries in the award function organized in New Delhi recently.

CMD, NBCC receives India Pride Award

Mr. Anoop Kumar Mittal, CMD, NBCC receiving the award from Mr. Ravi Shankar Prasad, Minister for Communication and Information Technology.

Mr. Ravi Shankar Prasad, Minister for Communication and Information Technology, awarded the Dainik Bhaskar India Pride Awards 2015-16 to NBCC under Category: India Image Enhancement/ Creating a Global Brand. Mr. Anoop Kumar Mittal, CMD, NBCC, received the Annual Excellence Award 2016 at a function held in New Delhi recently.

NBCC has been conferred this award for its special drive, efforts and results obtained in enhancing the image of brand India. Mr. Yogesh J. P. Sharma, Chief General Manager (Engg.), NBCC, also bagged Individual Excellence Award of Dainik Bhasker India Pride Awards 2015-16 under category: Head of Department - Commercial/Operations/Projects. Mr. Yogesh was awarded for his outstanding contribution in project management functions.

AAI wins Golden Peacock Award

Airports Authority of India (AAI), has been

Mr. S. Raheja, Chairman, AAI (in centre) with the Golden Peacock Award for "Innovative Product/Service" for the year 2016 in Dubai recently. Also seen in the picture are Mr. Anuj Aggarwal, Member (HR), Mr. A. K. Dutta, Member (ANS), [2nd and 3rd from left] and other senior officers of AAI.

awarded the 'Golden Peacock Award for Innovative Product/Service for the year 2016 for second consecutive year under Innovative Product/service category for Aerodrome Safeguarding application system also know as NOCAS (No Objection Certificate Application System) Version 2.0 in Aviation Sector.

The Award was presented to AAI at a specially organized 'Golden Peacock Awards Ceremony' at

Dubai recently by Sheikh Nahyan Bin Mubarak Al Nahyan, Cabinet Minister of Culture & Knowledge Development, Govt. of UAE in the presence of distinguished gathering of business leaders, academics, boardroom professionals and policy makers.

ASAS or NOCAS Version 2.0 is an online application system for applying system for applying No Objection Certificate for height clearances of buildings/ structures, communication mast etc around an airport. In addition the applicant may also file review, appeal and revalidation application online. Key benefits of NOCAS Version 2.0 are Ease of Doing business, Effective Planning by the Builders, Save Environment: In India, ASAS saves 500 trees (4,500,000 sheets) per year, Reduced Staff Requirement & Cost Saving, Faster issue of Height Determination Certificate, Faster rollout of the projects, Transparency and No Manual Calculations.

IndianOil bags the Best-PSU Silver Trophy for its Skill Development program under CSR

IndianOil bagged the Silver Trophy [Best PSU-Public Sector Training program] in recognition of its outstanding contribution in Skill development at the Skilling India Summit-cum-Awards function organized by ASSOCHAM at New Delhi recently. The award was given in recognition of the contribution made by IndianOil's Assam Oil School of Nursing (AOSN) / Assam Oil College of Nursing (AOCN), Digboi.

Mr. Rajiv Pratap Rudy, Union Minister of State for Skill Development and Entrepreneurship (I/C) & Parliamentary Affairs handing over Mr. Bibhuti Pradhan, CM (HR),IOC.

Established in 1986, this nursing school provides professional training to unemployed girls in the field of nursing and midwifery. AOSN is recognized by Indian Nursing Council (INC), a statutory body under Government of India, Ministry of Health and family Welfare. The entire cost of the school and students is borne by IndianOil. So far, 391 students have successfully completed the course and the placement record is 100 percent. Assam College of Nursing (AOCN) started functioning from 2014 with intake of 30 students in B.Sc. (Nursing) course.

BHEL wins India Pride Award 2015-16 for Excellence in Heavy Industries

Mr. Atul Sobti, CMD, BHEL receiving the award from Mr. Ravi Shankar Prasad, Union Minister of Communications and Information Technology.

BHEL was conferred the India Pride Award 2015-16 for Excellence in Heavy Industries, for the seventh consecutive time. BHEL has been winning this award every year since the award was instituted. The award was received by Mr. Atul Sobti, CMD, BHEL from Mr. Ravi Shankar Prasad, Union Minister of Communications and Information Technology

CONCOR wins India Pride Award

Mr. Anil K. Gupta, CMD, Container Corporation of India Ltd. received the Dainik Bhaskar "7th India Pride Awards- 2015-2016" for outstanding

Mr. Anil K. Gupta, CMD, CONCOR receiving the award from Mr. M. Venkaiah Naidu, Union Minister of Urban Development, Housing & Urban Poverty Alleviation and Parliamentary Affairs.

contribution of PSUs to Nation's dream of "Make in India" for creating excellence in Transport Sector from Mr. M. Venkaiah Naidu, Union Minister of Urban Development, Housing & Urban Poverty Alleviation and Parliamentary Affairs. The function was presided by Mr. Ravi Shankar Prasad, Union Minister of Communication and Information Technology. Mr. Radha Mohan Singh, Union Minister of Agriculture and Farmer's Welfare was the Guest of Honour.

BEL bags India Pride Award

Mr. Girish Kumar, Executive Director (Radar) & Unit Head, BEL-Ghaziabad, receiving the award from Mr. Ravi Shankar Prasad, Union Minister for Communications and Information Technology.

Bharat Electronics Ltd (BEL) won the 'Dainik Bhaskar India Pride Award' in the Defence category for the year 2015-16. Mr Girish Kumar, Executive Director (Radar) & Unit Head, BEL-Ghaziabad, received the award from Mr Ravi Shankar Prasad, Union Minister for Communications and Information Technology, along with Mr. V. B. Gupta, Senior DGM (Management Services & Public Relations), BEL-Ghaziabad, at the awards ceremony held in New Delhi recently.

NALCO gets India Pride Award for CSR & Environment

Dr. Tapan Kumar Chand, CMD, NALCO receiving the award from Mr. Ravi Shankar Prasad, Union Minister for Communications & Information Technology.

National Aluminium Company Limited (NALCO) bagged the prestigious India Pride Award for the year 2015-16 for CSR, Environment Protection & Conservation, instituted by the Dainik Bhaskar Group. On behalf of the company, Dr. Tapan Kumar Chand, CMD, received the Award from Mr. Ravi Shankar Prasad, Union Minister for Communications & Information Technology, during the 7th Edition of the India Pride Awards held in New Delhi recently. Among others, Mr. M. Venkaiah Naidu, Union Minister for Urban Development, Housing and Urban Poverty Alleviation and Parliamentary Affairs and Mr. Radha Mohan Singh, Union Minister for Agriculture graced the occasion.

"NALCO is working in all the thrust areas identified in the Companies Act, 2013. The company's focus is on bringing its robust humane face to the fore, through empathetic welfare and CSR measures," said Dr. Tapan Kumar Chand on receiving the award.

NMDC Gets India Pride Award 2016

NMDC bagged the India Pride Award – 2016 in the "Metals and Minerals and Trade (including Mining)" category at a function organized in New Delhi recently. Mr. N. K. Nanda, Director (Technical), NMDC received the award from Mr. Ravi Shankar Prasad, Union Minister for Communications and Information Technology.

Mr. N. K. Nanda, Director (Technical) NMDC receiving the India Pride Award.

Coming close on the heels of NMDC bagging the prestigious "India's Top PSU Award" by Dun & Bradstreet recently, an elated Mr. Nanda lauded the dedicated effort of NMDC employees and the excellent work culture prevailing at India's foremost iron-ore mining organization which creates winning opportunities. Sharing his thoughts with the NMDC Collective after winning the Award, Mr. Nanda informed that as the market leader NMDC was focusing on long-term objectives; "NMDC is committed to improve its operational efficiencies to contribute more meaningfully to the Make In India Campaign", he informed.

PFC conferred with India Pride Award

Power Finance Corporation Ltd. (PFC) received "Dainik Bhaskar - India Pride PSU Award" for the year 2015-16 in the category of "Financial Services - NBFC". Mr. M. K. Goel, CMD, PFC received this prestigious award from Mr. M. Venkaiah Naidu,Union Minister of Urban Development and Mr. Radha Mohan Singh, Union Minister of Agriculture in a

Mr. M. K. Goel, CMD, PFC receiving' India Pride PSU Award 2015-16' from Mr. M. Venkaiah Naidu, Union Minister of Urban Development and Mr. Radha Mohan Singh, Union Minister of Agriculture.

function organized by Dainik Bhaskar Group of Publications in New Delhi recently. Present on the occasion were Mr. Ravi Shankar Prasad, Minister of Communications and Information Technology, Jury Members, Award Winners and Media Persons.

NTPC is Maharatna of the Year in Manufacturing Category

Mr. K. Biswal, Director (Finance), NTPC receiving the award from Mr. Mahesh Sharma, Minister of State, (I/c) for Culture, Tourism and Civil Aviation.

NTPC, India's largest power utility was awarded "Maharatna of the Year" in the Manufacturing Category by leading Investment Journal DSIJ recently in New Delhi. The award was presented by Mr. Mahesh Sharma, Minister of State, (I/c) for Culture, Tourism and Civil Aviation to Mr. K. Biswal, Director (Finance), Mr. Sudhir Arya, ED (Finance), Ms. Sangeeta Bhatia, GM (Finance), Mr. Sanjay Padode, Director, DSIJ were present on the occasion.

NALCO awarded for Community Development

Mr. Sanjay Mishra, General Manager (H&A) receiving the award from Mr. Debi Prasad Mishra, Industries Minister.

National Aluminium Company Limited (NALCO) was awarded for 'Outstanding CSR Practices in Community Development', during the Odisha CSR Summit 2016 held recently. On behalf of NALCO, Mr. Sanjay Mishra, General Manager (H&A), received the award from Mr. Debi Prasad Mishra, Industries Minister. Congratulating the team of NALCO Foundation and Periphery Development Department, Dr. Tapan Kumar Chand, CMD said: "Such recognition further strengthens Nalco's commitment towards its communities around."

NRL wins Safety Award

NRL has been honoured with the 'Shreshtha Suraksha Puraskar' in the Manufacturing Sector, Group-A (Manufacturing Coke and Refined Petroleum products) for the year 2015 by the National Safety Council of India(NSCI).

The award being presented by Mr. Bandaru Dattatreya, Minister of State for Labour and Employment (I/c) to Mr. Gopal Sarma DGM (HSE) and Mr. D. K. Adhikary, SM (Coord) in New Delhi recently.

The award comprising of a citation and trophy was presented by Minister of State for Labour and Employment (I/c), Mr. Bandaru Dattatreya to the NRL team comprising of Mr. Gopal Sarma, DGM (HSE) & Mr. D. K. Adhikary, SM (Coord.) at a function held in New Delhi recently.

Personalia

Mr. Suresh Babu NV
assumed charge as
Director (Operations)
CSL

Mr. Dinesh Kumar Batra
has taken charge as
General Manager, BEL

STC organizes Trade Meet

The State Trading Corporation of India Ltd., organized a meet for trade development between Latin American and Caribbean (LAC) countries and India recently at their Corporate Office in New Delhi. The meet was attended by Ambassadors and Mission Heads of fourteen Latin America and Caribbean (LAC) Countries and officials from Ministry of External Affairs (MEA), Ministry of Commerce (MOC).

STC's Trade Meet between Latin American and Caribbean (LAC) Countries and India at its Corporate Office, New Delhi.

With the bilateral trade between Indian and Latin America increasing by ten-fold in last ten years, the meet aimed to explore further scope of co-operation between LAC and India and the role STC, as a Government Trading House, could play to boost the bilateral trade. The meet was attended by Ambassadors and Mission Heads from Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Peru, Venezuela, Dominican Republic and Cuba.

Mr. Khaleel Rahim, CMD, STC emphasized that STC can play a pivotal role for boosting trade and co-operation between LAC and India through customized business models and structuring of high value transactions. STC could act as a "Single Window" for LAC Countries. He also briefed upon the role STC has been playing for undertaking rupee trade with Iran.

Chairman SAIL visits SAIL's Flagship Unit

Chairman, SAIL, Mr. P. K. Singh at the Bhilai Steel Plant.

Chairman, SAIL, Mr. P.K. Singh visited the Sinter Plant-III and the MODEX sites of Steel Melting Shop – III, Bar & Rod Mill and Universal Rail Mill recently and reviewed the progress of the ongoing projects besides reviewing the production and operational areas of the Bhilai Steel Plant. He called upon senior officers to give off their best to enable SAIL to maintain its leadership position and market share.

HUDCO Registers Excellent Performance in FY 2015-16

Housing & Urban Development Corporation Ltd. (HUDCO), the premier techno-financing CPSE under the Ministry of Housing and Urban Poverty Alleviation has completed yet another year of excellence, in the service of the nation. HUDCO is expected to get "Excellent" rating consecutively for fifth year in a row, for the MoU signed with MoHUPA for the year 2015-16.

HUDCO's loan sanctions are highest ever since inception @ Rs.30774 crore. HUDCO releases also are highest ever in last 46 years @ Rs.8250 crore. Besides, HUDCO has posted a profit of Rs.782 crore (provisional), the highest ever profit so far. Loan outstanding as of 31st March 2016, has touched a level of Rs.35,395 crore, resulting in a year-on-year growth of 9 %. Since inception, HUDCO has financed over 17000 housing and infrastructure projects with a cumulative sanctions of Rs.1,61,871 crore and releases of Rs.1,09,438 crore. HUDCO has supported more than 16.57 million houses in the country, in both rural and urban areas, thus making it the largest facilitator of housing delivery in the country. A total of 4.57 lakh units were sanctioned during the year 2015-16 for affordable housing, including EWS and LIG category beneficiaries. Major weaker section housing schemes sanctioned include 1.6 lakh housing units under the 2 BHK housing programme in Telangana and the EWS housing programme in rural areas for 2 lakh households

Dr. M Ravi Kanth
CMD, HUDCO

in Andhra Pradesh. HUDCO has financed around 2149 infrastructure projects, a total of 170 urban infrastructure projects have been sanctioned with a total loan component of Rs 11,984 crore covering utility, social and commercial infrastructure. Major infrastructure projects sanctioned include Water Supply Distribution Network project in Greater Hyderabad area (loan amount Rs 1700 crore), water supply and sewerage schemes for Nellore town (total loan amount Rs 990 crore), airport projects at Bhogapuram in Vizianagaram (loan amount Rs 1500 crore). HUDCO has been assigned "AAA" Rating, for the first time on "Stand Alone Basis" from 3 major rating agencies of the country. Also, HUDCO had raised Rs. 5000 crore through Tax Free Bonds successfully at a competitive rate.

HUDCO has recently entered into MoU with Govt. of Telangana for "Mission Bhagiratha" a safe drinking water flagship project and with Telangana State Housing Corporation for construction of houses for weaker section families.

In the Credit Linked Subsidy Scheme of Housing for All (urban) Programme under the Pradhan Mantri Awas Yojana, HUDCO has been identified as one of the Central Nodal Agencies to channelize the subsidy. Besides, HUDCO being a Prime lending institution (PLI) through its Retail Finance Window i.e. HUDCO Niwas, to expand institutional credit flow to the housing needs of urban poor. HUDCO has executed 37 MoUs with various Public Sector, Private Sector, Cooperative Banks and Grameen Banks. Also, HUDCO has appraised 42 sample projects with a total project cost of Rs. 6358.03 crore and central share of Rs. 1554.87 crore for construction of 1.10 lac DUs.

As training initiative, HUDCO'S HSMI conducted 16 training programmes including 14 for Urban Local Bodies, 1 for NAREDCO & 1 International training programme for professionals from different sectors. In line with the thrust areas identified in its Corporate Social Responsibility (CSR) and Sustainability Policy, HUDCO has sanctioned assistance of Rs.11.86 crore for socially beneficial proposals all over the country. A number of awareness raising activities related to cleanliness and sanitation were organised on a pan India level to commemorate the 125th birth anniversary of Dr. Bhim Rao Ambedkar.

SCOPE
PROMOTING EXCELLENCE

10th Symposium on

Implementation of Right to Information Act, 2005

(Non-Residential Program)

Dates: 14th-15th July, 2016 • **Venue:** Hotel Pinewood, Shillong, Meghalaya

Keeping in view the requests received from various CPSEs, SCOPE is organizing a two-day Symposium on "RTI Act, 2005 and its implementation in CPSEs" on 23rd & 24th May, 2016 for the PIOs/CPIOs and senior officials of CPSEs at Shillong.

During the Symposium, issues of concern and experiences of CPSEs in implementation of the RTI Act, important and the latest DoPT circulars, CIC and Court decisions shall also be deliberated. In order to provide maximum benefits to the participants, the senior resource persons (such as present & former Information Commissioners of CIC and SIC) senior executives from the ministries and CPSEs with rich experience and knowledge in RTI Act shall share their expert views.

Broad Coverage

- Government perspective on RTI Act and latest development in the areas of RTI
- Public or private information : A challenge to CPSEs
- Disclosure of commercial information vs. larger public interest
- Personal information : what is to be disclosed or what is not to be disclosed
- Voluminous information vs. multi issue information
- Habitual information seeker vs. frivolous and vexatious information seeker
- Managing level playing fields for CPSEs
- Proactive Disclosure and effective application of exemptions
- Sharing of major CIC/Judicial decisions on RTI and their implications in CPSEs
- Interactive sessions with present and former Information Commissioners, CIC, SIC

Program Facilitator: Shri S.A. Khan, Group General Manager (CA), SCOPE

Program Coordinator: Shri O.P. Khorwal, Convener, Steering Committee on RTI, SCOPE, Email: okhorwal@yahoo.com Mob: 9650990241

For further details please contact:

Mr. Annunay Das, Manager (Admn), Standing Conference of Public Enterprises, Ist Floor, Core-8, SCOPE Complex, Lodhi Road New Delhi. Tel: 24362604 Mob: 9818678927, Fax: 24361371 Email: annunaydas599@gmail.com

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