

Preface

The Audit Report has been prepared in accordance with the Performance Audit Guidelines and Regulations on Audit and Accounts, 2007 of the Comptroller and Auditor General of India.

In order to accelerate the growth, Government of India (GOI) laid emphasis on efficient and rapid growth of power sector with large private investment. The Planning Commission also increased (June 2008) targets for capacity addition in generation of Power in XI Plan as compared to targets fixed for X plan so that the objective of National Electricity Policy (February 2005) to provide access to electricity for all households is achieved. To achieve these power generation targets, existence of adequate power equipment manufacturing capacity with equipment manufacturers in the country was equally important. Bharat Heavy Electricals Limited (BHEL), a Maharatna Central Public Sector Enterprise and one of the largest engineering and manufacturing enterprises in the country, had planned to enhance its power equipment manufacturing capacity from 10,000 MW per annum to 20,000 MW per annum in line with the increasing power generation targets in the country.

Audit took up the performance audit of BHEL to examine economy, effectiveness and efficiency of expansion of manufacturing capacity and its utilisation. The Audit Report examined the adequacy and results of efforts of BHEL from conceptualisation to execution of manufacturing capacity expansion and its utilisation during 2007-2012.

Audit wishes to acknowledge the co-operation received from BHEL, the Ministry of Heavy Industries and Public Enterprises and the Ministry of Power at each stage of the audit process.