

# CHAPTER I

## Summary of Financial Performance of Central Public Sector Enterprises

### 1.1 Introduction

This Report presents the summary of financial performance of Government Companies, Statutory Corporations and Government controlled other Companies. In the Report, the term Central Public Sector Enterprises (CPSEs) encompasses those Government companies in which the direct holding of the Central Government is 51 *per cent* or more and subsidiary of such Government companies. The Statutory Corporations set up under Statutes enacted by the Parliament and other companies owned or controlled, directly or indirectly by the Central Government have also been categorized as CPSEs.

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government Company.

#### Government Company

Any company in which not less than 51 *per cent* of paid-up share capital is held by Central Government or by one or more State Governments or partly by Central Government and partly by State Government(s) and includes subsidiary of a Government company.

Besides, any other company<sup>1</sup> owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

Department of Public Enterprises (DPE) stated (February 2020) in its survey that CPSEs meant those Government companies, besides Statutory Corporations, wherein more than 50 *per cent* of the share in equity is held by the Central Government. The subsidiaries of these companies, if registered in India, are also categorized as CPSEs. It does not cover departmentally run public enterprises, banking institutions and insurance companies. In view of difference in definition adopted by the Comptroller & Auditor General of India (CAG) and DPE, there may be difference in number of companies considered as CPSEs by

<sup>1</sup> *Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014*

CAG and by DPE. As a result, the number of CPSEs covered under DPE Survey Report 2018-19 is 348 whereas the number of CPSEs being covered in this report is 596 (434 Government company and Statutory Corporations and 162 Government controlled other companies).

### 1.1.1 Mandate

Audit of Government companies and Government controlled other companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit. The statutes governing some Statutory Corporations require their accounts to be audited only by the CAG.

The Acts governing Reserve Bank of India, Export-Import Bank of India, National Bank for Agricultural and Rural Development and National Housing Bank contain provisions whereby the Central Government can appoint the CAG, at any time, as the auditor to examine and report upon the accounts of these institutions. No such appointment was made till 2018-19.

### 1.1.2 What this Report contains

This Report gives an overall picture of the financial performance of the Central Government companies and Corporations as revealed from their accounts.

Impact on revision of accounts as well as significant comments issued as a result of supplementary audit of the financial statements of the CPSEs conducted by the CAG for the year 2018-19 (or of earlier years which were finalised during the current year) is given in this Report. This Report also contains the impact on comments issued by the CAG on the financial statements of the Statutory Corporations where CAG is the sole auditor.

This Report also gives an overall picture of the status of the adherence of CPSEs to the guidelines issued by the Securities and Exchange Board of India (SEBI), DPE and compliance with provisions of Companies Act, 2013 on Corporate Governance, and guidelines issued by DPE on Corporate Social Responsibility, analysis of Memorandum of Understanding between Central Government and CPSEs.

### 1.1.3 Number of CPSEs

As on 31 March 2019, there were 668 CPSEs under the audit jurisdiction of the

<b>Government Companies</b>	<b>480</b>
<b>Statutory Corporations</b>	<b>6</b>
<b>Government Controlled other Companies</b>	<b>182</b>
<b>Total CPSEs</b>	<b>668</b>

CAG. These include 480<sup>2</sup> Government Companies, 06 Statutory Corporations<sup>3</sup> and 182 Government Controlled other Companies. Of these, summary of financial performance of 596 CPSEs is covered in this report and the nature of these CPSEs is indicated in Table 1.1.

**Table 1.1: Coverage and nature of CPSEs covered in this report**

Nature of the CPSEs	Total number of CPSEs	Number of CPSEs covered in the Report			Number of CPSEs not covered in the Report	
		Accounts up to				Total
		2018-19	2017-18	2016-17		
Government Companies	480	397	22	9	428 <sup>4</sup>	52
Statutory Corporations	6	5	1	0	6	0
Total Companies/Corporations	486	402	23	9	434	52
Government Controlled other Companies	182	151	8	3	162	20
<b>Total</b>	<b>668</b>	<b>553</b>	<b>31</b>	<b>12</b>	<b>596</b>	<b>72</b>

The details of Government companies/Government controlled other Companies which came under/went out from the purview of CAG's audit during 2018-19 are given in *Appendix-I*.

This Report does not include 72 CPSEs (including 20 Government Controlled other Companies) whose accounts were in arrears for three years or more or were defunct/ under liquidation or first accounts were not received or were not due. These CPSEs are identified by two asterisks (\*\*) in *Appendix-II A & Appendix-II B*.

<sup>2</sup> 480 Government companies include 240 standalone/holding Government companies and 240 subsidiaries and Joint Ventures (JVs) of holding Government companies.

<sup>3</sup> Airports Authority of India (AAI), Central Warehousing Corporation (CWC), Damodar Valley Corporation (DVC), Food Corporation of India (FCI), Inland Waterways Authority of India (IWAI) and National Highways Authority of India (NHAI)

<sup>4</sup> Out of 428 Government companies, Central Government has direct holding in 198 CPSEs. The remaining 230 CPSEs are subsidiaries and JVs of these 198 CPSEs.

**Summary of financial performance of CPSEs covered in this Report  
(Government Companies and Statutory Corporations)**

<b>Number of CPSEs</b>	<b>486</b>
<b>CPSEs covered</b>	<b>434</b>
<b>Paid up capital (434 CPSEs)</b>	<b>₹5,45,338 crore</b>
<b>Long term loans (434 CPSEs)</b>	<b>₹16,46,888 crore</b>
<b>Market capitalisation (54 listed traded Government Companies)</b>	<b>₹14,29,111 crore</b>
<b>Net profit (247 CPSEs)</b>	<b>₹1,77,932 crore</b>
<b>Net loss (157 CPSEs)</b>	<b>₹37,310 crore</b>
<b>Zero profit/loss (30 CPSEs)<sup>5</sup></b>	
<b>Dividend declared (100 CPSEs)</b>	<b>₹71,857 crore</b>
<b>Total assets (434 CPSEs)</b>	<b>₹51,54,667 crore</b>
<b>Value of production (434 CPSEs)</b>	<b>₹21,67,133 crore</b>
<b>Net worth (434 CPSEs)</b>	<b>₹16,96,646 crore</b>

## 1.2 Investment in Government Companies and Corporations

The amount of equity and loans in 434<sup>6</sup> Government companies and Corporations as at the end of 31 March 2019 is given in Table 1.2.

**Table 1.2: Equity and loans in Government Companies and Corporations**

*(₹ in crore)*

Sources of investment	As on 31.03.2019			As on 31.03.2018		
	Equity	Long term loans	Total	Equity	Long term loans	Total
1. Central Government	4,00,909	1,49,150	5,50,059	3,60,539	88,451	4,48,990
2. Central Government Companies/ Corporations	66,027	34,694	1,00,721	57,670	27,151	84,821
3. State Governments/ State Government Companies/ Corporations	29,846	20,060	49,906	29,436	16,176	45,612
4. Financial Institutions and Others	48,556	14,42,984	14,91,540	47,494	12,02,327	12,49,821
<b>Total</b>	<b>545338</b>	<b>1646888</b>	<b>2192226</b>	<b>495139</b>	<b>1334105</b>	<b>1829244</b>
Percentage of investment of Central Government to total investment	73.52	9.06	25.09	72.82	6.63	24.55

<sup>5</sup> Out of 434, there were 30 CPSEs, which earned no profit or incurred no loss during 2018-19 since either operations were not started or losses/net expenses were claimed from the Government as subsidy.

<sup>6</sup> 486 CPSEs – 52 CPSEs whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due.

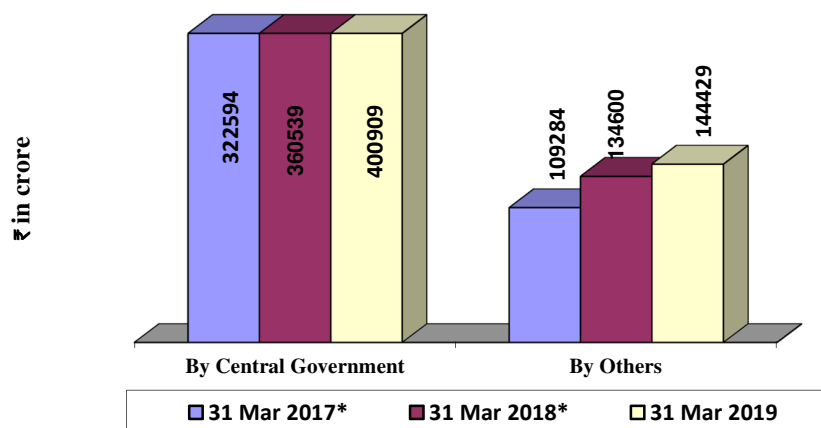
### 1.2.1 Equity holding

During 2018-19, the total equity holding at face value in the 434 CPSEs covered in this Report registered a net increase of ₹50,199 crore. The equity holding of Central Government at face value in CPSEs increased by ₹40,370 crore<sup>7</sup> during 2018-19. The increase of ₹40,370 crore was the net result of issue of shares having face value of ₹44,880 crore in 41 CPSEs and disinvestment and buy back of shares having face value of ₹4,510 crore in 24 CPSEs.

Out of the new equity holding of ₹44,880 crore by Central Government during the year 2018-19, equity holding of ₹43,314 crore was in the form of equity leading to cash inflow to the concerned CPSEs and ₹1,566 crore<sup>8</sup> was in the form of issue of bonus shares and conversion of loan into equity not involving cash inflow to the concerned CPSEs. Review in audit of the purpose of new equity holding of ₹43,314 crore involving cash flow in CPSEs indicated that infusion of ₹29,775 crore was for meeting both capital and revenue expenditure in two CPSEs<sup>9</sup>, ₹13,116 crore was for meeting capital items of expenditure in 25 CPSEs, ₹300 crore for meeting revenue items of expenditure in one CPSE (India Post Payments Bank Limited), and ₹123 crore for meeting expenditure on social sector schemes in three CPSEs<sup>10</sup>.

Holding in equity by Central Government and others during three years ended 31 March 2019 in Government Companies and Corporations is depicted in Chart I.

**Chart I: Holding in equity in Government Companies and Corporations**



(\* Previous years' figures updated during 2018-19 as accounts of that year were received)

<sup>7</sup> The provisional figures of 32 CPSEs have been included in this audit report on the basis of figures from their last audited accounts as the accounts for the year 2018-19 were not received before the cut-off date (30 September 2019) for preparation of the report.

<sup>8</sup> NTPC limited, General Insurance Corporation of India, The New India Assurance Company Limited, Container Corporation of India Limited, MMTC Limited, Oil India Limited, MSTC Limited, Indian Railway Catering and Tourism Corporation Limited, Ed CIL (India) Limited, National Highways & Infrastructure Development Corporation Limited, Scooters India Limited

<sup>9</sup> National Highways Authority of India, India International Convention and Exhibition Centre Limited

<sup>10</sup> National Handicapped Finance and Development Corporation, National Safai Karmachari Finance & Development Corporation, National Scheduled Tribes Finance and Development Corporation

Details of significant holding (holding of more than ₹2,000 crore) of the Central Government during 2018-19 in the paid up capital of the CPSEs is given in Table 1.3.

**Table 1.3: Significant holding of the Central Government**

		(₹ in crore)
Name of the CPSE	Name of the Ministry	Amount
<b>Statutory Corporation</b>		
National Highways Authority of India	Road Transport and Highways	29,075
<b>Government Companies</b>		
Dedicated Freight Corridor Corporation Limited	Railways	3,110
Indian Railway Finance Corporation Limited	Railways	2,854
Higher Education Financing Agency	Human Resource Development	2,263

## 1.2.2 Loans given to Government Companies and Corporations

### 1.2.2.1 Computation of long term loans outstanding as on 31 March 2019

The total long term loans outstanding in 180 CPSEs out of 434 Government companies and Corporations from all sources as on 31 March 2019 was ₹16,46,888 crore. During 2018-19, the long term loans of Government Companies and Corporations registered an increase of ₹3,12,783 crore. Out of the total loans of 180 CPSEs as on 31 March 2019, loans from Central Government was ₹1,49,150 crore out of which loans of ₹64,739 pertained to 2018-19 in 35 CPSEs.

Long term loans registered an increase in 11 CPSEs<sup>11</sup> out of these 35 CPSEs during 2017-18 as well as in 2018-19. Out of 11 CPSEs, eight CPSEs<sup>12</sup> were given loans during both the years. Seven CPSEs were given loans for funding the implementation of ongoing projects whereas one CPSE (Northern Eastern Handicrafts and Handlooms Development Corporation Limited) was given loan towards working capital requirements and administrative expenses. In case of remaining three CPSEs, the increase in long term loans was not on account of the actual disbursement of loan but was due to the interest on earlier loans.

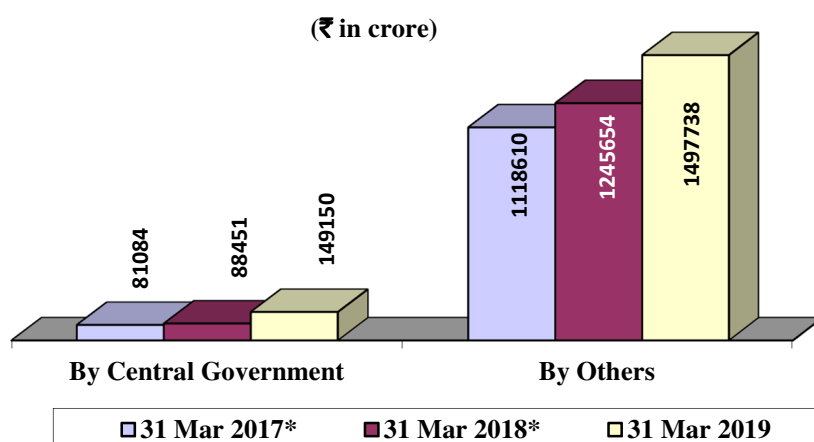
Audit noticed that 10 out of 11 CPSEs have not repaid principal amount of loan/interest on loan during 2018-19 while one CPSE (Nuclear Power Corporation of India Limited) repaid loan of ₹719 crore during 2018-19.

<sup>11</sup> *Bharatiya Nabhikiya Vidyut Nigam Limited, Chennai Metro Rail Limited, National Bicycle Corporation of India Limited, Dedicated Freight Corridor Corporation Limited, Delhi Metro Rail Corporation Limited, Damodar Valley Corporation, Kolkata Metro Rail Corporation Limited, North Eastern Handicrafts and Handlooms Development Corporation Limited, NHPC Limited, Nagpur Metro Rail Corporation, Nuclear Power Corporation of India Limited.*

<sup>12</sup> *Dedicated Freight Corridor Corporation Limited, Delhi Metro Rail Corporation Limited, Damodar Valley Corporation, Kolkata Metro Rail Corporation Limited, North Eastern Handicrafts and Handlooms Development Corporation Limited, NHPC Limited, Nagpur Metro Rail Corporation, Nuclear Power Corporation of India Limited.*

Year wise details of outstanding long term loans of Government Companies and Corporations is depicted in Chart II.

**Chart II: Long term loans outstanding in Government Companies and Corporations**



(\*Previous years' figures updated during 2018-19 when accounts of that year were received)

Out of 434 CPSEs, 254 CPSEs (including one Statutory Corporation i.e. Central Warehousing Corporation) did not have any long term loan as on 31 March 2019.

#### 1.2.2.2 Adequacy of assets to meet loan liabilities

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long term loans by value of total assets in 180 CPSEs which had outstanding loans as on 31 March 2019 is given in Table 1.4.

**Table 1.4: Coverage of long term loans with total assets**

	Positive Coverage				Negative Coverage			
	No. of CPSEs	Long term loans	Assets	Percentage of assets to loans	No. of CPSEs	Long term loans	Assets	Percentage of assets to loans
Statutory Corporations	5	2,10,713	7,37,079	349.80				
Listed Companies	38	9,59,841	23,63,406	246.22	1	238	88	36.97
Unlisted Companies	124	4,73,779	10,56,185	222.93	12	2,318	352	15.19
<b>Total</b>	<b>167</b>	<b>16,44,333</b>	<b>41,56,670</b>		<b>13</b>	<b>2,556</b>	<b>440</b>	

Out of the 180 CPSEs, in respect of 13 CPSEs the value of total assets was less than the loans outstanding (*Appendix-III*).

### 1.2.2.3 Interest Coverage

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An ICR below one indicated that the company was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of CPSEs, which had outstanding loans during the period from 2016-17 to 2018-19 are given in Table 1.5.

**Table 1.5: Interest Coverage Ratio**

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	No. of CPSEs	No. of CPSEs having ICR $\geq$ 1	No. of CPSEs having ICR $<$ 1
<b>Statutory Corporations</b>					
2016-17	10,162.66	13,388.46	5	2	3
2017-18	11,833.26	14,812.69	5	2	3
2018-19	11,680.95	13,679.76	5	2	3
<b>Listed Government Companies</b>					
2016-17	60,935.43	1,59,564.76	38	28	10
2017-18	63,844.46	1,79,678.36	39	29	10
2018-19	69,119.8	1,78,869.17	39	31	8
<b>Unlisted Government Companies</b>					
2016-17	16,212.75	30,009.27	122	59	63
2017-18	20,887.26	22,140.81	128	54	74
2018-19	19,690.95	22,395.13	136	55	81

It was observed that the number of CPSEs with ICR equal to or more than one has increased in case of listed Government Companies during 2018-19, compared to the previous year. In respect of six<sup>13</sup> CPSEs, the interest payable on long term loans was higher than the value of their total assets as on 31 March 2019, which indicates a high risk of insolvency in these companies.

### 1.2.2.4 Age Wise Analysis of interest outstanding on Central Government loans

As on 31 March 2019, interest amounting to ₹3,593.90 crore was outstanding on long term loans of 20 CPSEs provided by Central Government. The age wise analysis of interest outstanding on Central Government loans in CPSEs is depicted in Table 1.6.

<sup>13</sup> *Bharat Gold Mines Limited, IRCON SHIV PURI GUNA LIMITED, National Bicycle Corporation of India Limited, TCIL Bina Toll Road Limited, Andaman Fisheries Limited, TCIL LTR limited*



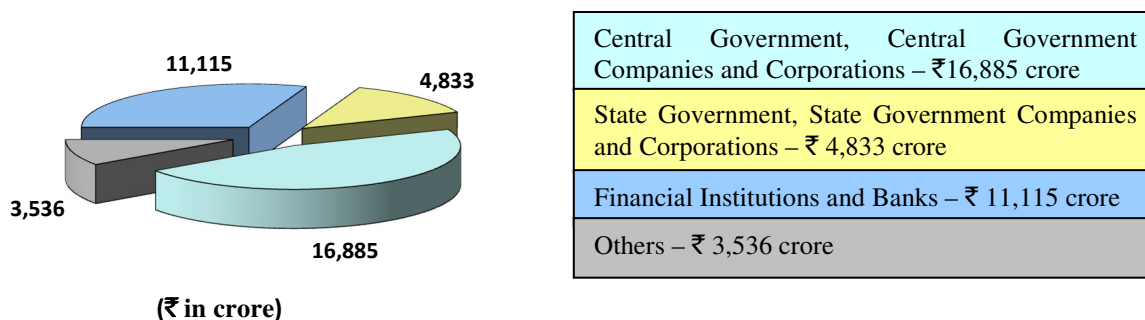
**Table 1.6: Interest outstanding on Central Government Loans***(₹in crore)*

Sl. No.	Name of the CPSE	Outstanding interest on Central Government loans	Interest on Central Government loans outstanding for less than 1 year	Interest on Central Government loans outstanding for 1 - 3 years	Interest on Central Government loans outstanding for more than 3 years
1	Bharat Gold Mines Limited	1,435.76	63.27	125.11	1,247.38
2	National Bicycle Corporation of India Limited	541.55	0	0	541.55
3	HMT Machine Tools Limited	204.34	39.32	144.44	20.58
4	NEPA Limited	96.72	27.04	69.68	0
5	Hindustan Shipyard Limited	92.60	0	18.88	73.71
6	Bengal Chemicals and Pharmaceuticals Limited	62.32	1.97	20.29	40.06
7	Birds Jute and Exports Limited	59.21	3.84	11.38	43.98
8	Uranium Corporation of India Limited	54.34	0	0	54.34
9	IFCI Factors Ltd	42.11	0	0	42.11
10	Heavy Engineering Corporation Limited	37.60	9.98	24.54	3.08
11	Hooghly Dock and Port Engineers Limited	35.52	0	4.48	31.04
12	Bharat Pumps and Compressors Limited	35.33	16.34	18.99	0
13	Hindustan Insecticides Limited	32.89	4.70	14.10	14.10
14	Hindustan Antibiotics Limited	22	11	11	0
15	Hindustan Salts Limited	19.35	3.73	0	15.62
16	North Eastern Handicrafts and Handlooms Development Corporation Limited	18.49	0	0	18.49
17	Nagpur Metro Rail Corporation	15.74	12.49	3.26	0
18	Cement Corporation of India Limited	123.85	0	0	123.85
19	NHPC Limited	61.52	27.60	31.15	2.77
20	Madras Fertilizers Limited	602.66	54.58	109.16	438.92
	<b>Total</b>	<b>3,593.90</b>	<b>275.85</b>	<b>606.46</b>	<b>2,711.59</b>

### 1.2.3 Investment in Government Controlled other Companies

The capital invested by the Central Government, State Governments and by Companies and Corporations controlled by them in 162<sup>14</sup> Government Controlled other Companies during the year 2018-19 is depicted in Chart III.

**Chart III: Composition of share capital in Government Controlled other Companies**



As on 31 March 2019, equity in these government controlled other companies was ₹36,369 crore. The equity in government controlled other companies increased by ₹1,845 crore in 2018-19.

### 1.2.4 Market capitalisation of equity investment in Government Companies

Market capitalisation represents market value of the shares of companies whose shares are listed. As on 31 March 2019, shares of 66 Government Companies consisting of 52 Government companies including three<sup>15</sup> newly listed Government Companies, eight subsidiaries of Government Companies and six<sup>16</sup> Government Controlled other Companies were listed on the various stock exchanges in India.

In respect of 49 (52-3 newly listed Government companies) listed Government Companies, shares of 47 companies were traded and shares of two<sup>17</sup> companies were not traded during 2018-19. In respect of eight subsidiaries of Government Companies, shares of seven subsidiaries were traded and shares of one subsidiary (Eastern Investments Limited) were not traded.

The total market value of shares of 54<sup>18</sup> traded listed Government Companies (including seven subsidiary companies) stood at ₹14,29,111.11 crore (equity investment being ₹85,041 crore) as on 31 March 2019 as compared to ₹16,43,345.68 crore as on 31 March 2018. The total market value of shares decreased by ₹2,14,234.57 crore

<sup>14</sup> 182– 20 Government Controlled other Companies whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due.

<sup>15</sup> IRCON International Limited, Mishra Dhanu Nigam Limited, MSTC limited.

<sup>16</sup> Indbank Merchant Banking Services Limited, The Bisra Stone Lime Company Limited, Tamilnadu Telecommunication Limited, Indbank Housing Limited, The Orissa Minerals Development Company Limited, PNB Gilts Limited

<sup>17</sup> Hindustan Cables Limited and Hindustan Photo-films (Manufacturing) Company Limited

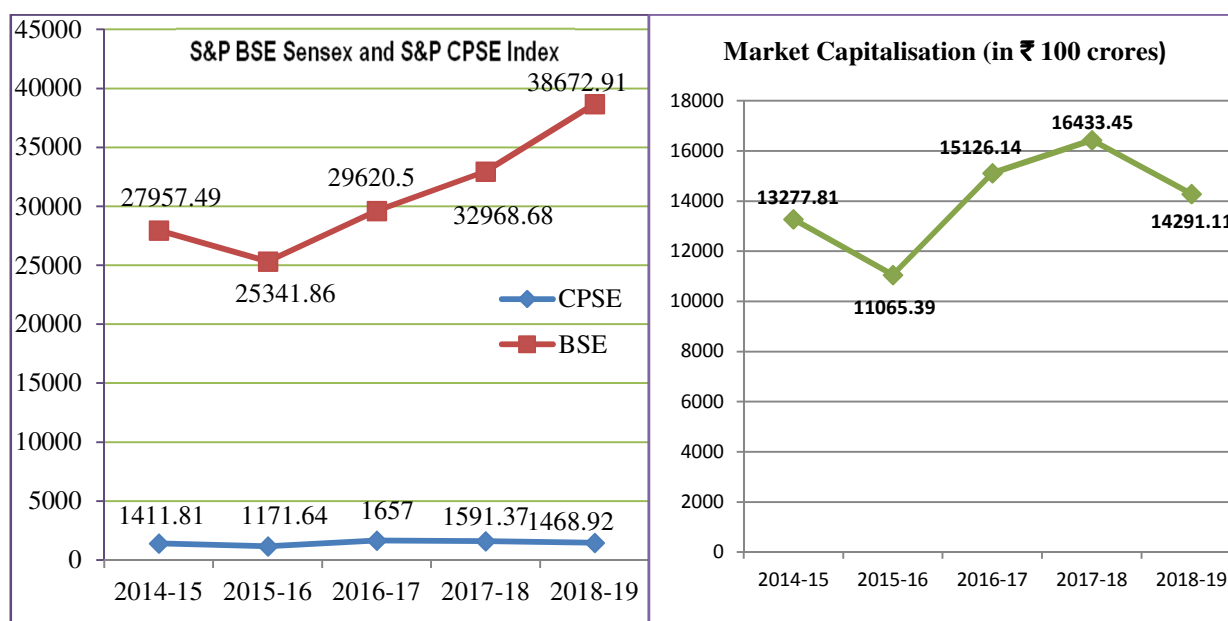
<sup>18</sup> 54= 47 listed traded Government companies+ 7 listed traded Subsidiary Government companies

(13.04 per cent) as on 31 March 2019 as compared to 31 March 2018. The top three sectors with maximum market capitalization were Petroleum and Natural Gas (₹6,08,780.85 crore), Power (₹3,34,591.81 crore) and Coal (₹1,55,577.46 crore). Increase in market value of shares was observed in Railways (5.45 per cent) and Power (1.33 per cent) sectors only whereas highest decrease in market value of shares was observed in Bio Technology sector (60.96 per cent) followed by Finance sector (38.92 per cent) and Tourism sector (38.22 per cent). The market value of shares of 47 listed Government Companies (excluding seven subsidiary companies) stood at ₹13,35,263.55 crore as on 31 March 2019, out of which, the market value of shares held by the Central Government amounted to ₹8,447,07.38 crore.

During this period, S&P BSE Sensex<sup>19</sup> increased by 17.30 per cent from 32,968.68 as on 31 March 2018 to 38,672.91 as on 31 March 2019. S&P BSE-CPSE Index<sup>20</sup> decreased by 7.69 per cent from 1,591.37 as on 31 March 2018 to 1,468.92 as on 31 March 2019.

Trend of market capitalisation of the traded listed Government companies for the last five years vis-a-vis S&P BSE Sensex and S&P BSE-CPSE Index is depicted in Chart IV.

**Chart IV: Trend of market capitalisation vis-à-vis BSE Sensex and CPSE Index**



It was observed that the trend of market capitalisation of these traded listed CPSEs during 2014-15 to 2016-17 was same when compared to S&P BSE Sensex and S&P CPSE Index. However in 2018-19, the market value of shares of these CPSEs decreased by 13.04 per cent (from ₹16,43,345.68 crore to ₹14,29,111.11 crore) when there was an increase in S&P BSE Sensex by 17.30 per cent (from 32,968.68 to 38,672.91) although S&P CPSE Index decreased by 7.69 per cent (from 1,591.37 to 1468.92) during the same period.

<sup>19</sup> S&P BSE SENSEX is calculated on a "Market Capitalization-Weighted" methodology of 30 component stocks representing large, well-established and financially sound companies across key sectors

<sup>20</sup> S&P BSE CPSE Index consists of major Public Sector Undertakings listed on BSE

The market value of shares of seven subsidiary Government Companies, the shares of which were traded during 2018-19, stood at ₹93,847.55 crore as on 31 March 2019. The total market value of shares in seven subsidiary Government Companies had decreased by ₹11,499.28 crore as on 31 March 2019 as compared to 31 March 2018. The top 10 CPSEs with highest market capitalisation as on 31 March 2019 is given in Table 1.7.

**Table 1.7: CPSEs with highest market capitalisation**

(₹ in crore)

Sl. No.	Name of the CPSE	Market Capitalisation
1	Oil and Natural Gas Corporation Limited	2,00,718.35
2	Indian Oil Corporation Limited	1,53,168.37
3	Coal India Limited	1,45,933.41
4	NTPC Limited	1,33,922.83
5	Power Grid Corporation of India Limited	1,03,637.79
6	Bharat Petroleum Corporation Limited	85,978.33
7	GAIL (India) Limited	78,987.73
8	Hindustan Petroleum Corporation Limited	43,200.37
9	General Insurance Corporation of India	42,561.74
10	Power Finance Corporation Limited	32,473.00

There was an increase in the market capitalisation in respect of eight CPSEs out of 54 listed Government Companies as on 31 March 2019. CPSEs with increase in market capitalisation are given in Table 1.8.

**Table 1.8: CPSEs with increase in Market Capitalisation as on 31 March 2019**

(₹ in crore)

Sl. No.	Name of the CPSE	Market capitalisation as on 31.03.2018	Market capitalisation as on 31.03. 2019	Difference in capitalisation
1	Power Finance Corporation Limited	22,678.30	32 473.00	9,794.70
2	Rural Electrification Corporation Limited	24,696.35	30,186.62	5,490.27
3	GAIL (India) Limited	74,101.63	78,987.73	4,886.10
4	Oil India Limited	16,289.65	20,099.45	3,809.80
5	Power Grid Corporation of India Limited	1,01,414.37	1,03,637.79	2,223.42
6	Container Corporation of India Limited	30,313.61	31,966.63	1,653.02
7	The State Trading Corporation of India Limited	815.10	824.40	9.30
8	Hindustan Fluorocarbons Limited	20.81	30.08	9.27

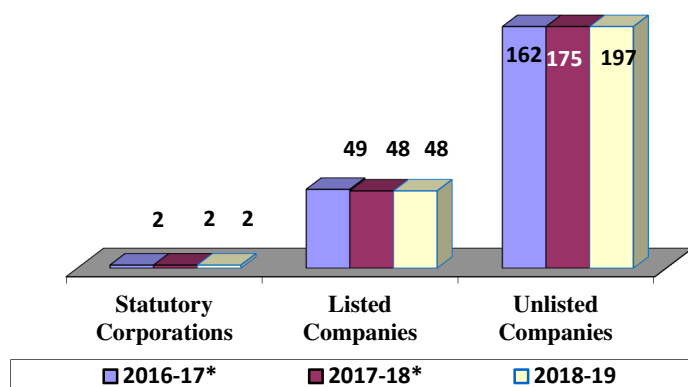
### 1.3 Returns from the Government Companies and Corporations

#### 1.3.1 Profit earned by Government companies and Corporations

The number of CPSEs that earned profit was 247 in 2018-19 as compared to 225 in 2017-18 (51 CPSEs added and 29 CPSEs excluded). Out of these 51 CPSEs (*Appendix-IV*), five CPSEs were new and reported profit in first year of their operation and 46 CPSEs reported profit after incurring net loss in the previous year. Only 17 out of 46 CPSEs reported profit due to operational income. In case of 29 CPSEs (*Appendix-V*) that suffered losses after earning profit in the previous year, 20 CPSEs suffered loss mainly due to operational expenses.

The profit earned increased to ₹1,77,932 crore in 2018-19 from ₹1,65,610 crore in 2017-18. However, the Return on Equity (ROE) of the 247 CPSEs was 18.58 *per cent* in 2018-19 as compared to 19.03 *per cent* in 225 CPSEs in 2017-18. ROE in all the 434 CPSEs i.e. including 157 loss making and 30 zero profit companies was 11.81 *per cent* in 2018-19. Number of CPSEs that earned profit during the period from 2016-17 to 2018-19 is depicted in Chart V.

**Chart V: Number of profit earning CPSEs**



(\*Previous years' figures updated during 2018-19 when accounts of that year were received)

The details of top three sectors, which contributed maximum profit during 2018-19 are summarised in Table 1.9:

**Table 1.9: -Top 3 sectors which contributed maximum profit during the year 2018-19**

Sector	No. of profit earning CPSEs	Net profit earned (₹ in crore)	Percentage of profit to total CPSE profit
<b>Petroleum</b>			
Listed Government Companies	7	65714	36.93
Unlisted Government Companies	10	4347	2.44
<b>Sub-total (A)</b>	<b>17</b>	<b>70061</b>	<b>39.37</b>
<b>Power</b>			
Listed Government Companies	4	25655	14.42
Unlisted Government Companies	33	5581	3.14
<b>Sub-total (B)</b>	<b>37</b>	<b>31236</b>	<b>17.56</b>
<b>Coal and Lignite</b>			
Listed Government Companies	2	11737	6.6
Unlisted Government Companies	7	16853	9.47
<b>Sub-total (C)</b>	<b>9</b>	<b>28590</b>	<b>16.07</b>
<b>Total (A+B+C)</b>	<b>63</b>	<b>129887</b>	<b>73.00</b>

During 2018-19, net profit of ₹1,29,887 crore constituting 73 *per cent* of total profit of Government companies and corporations was contributed by 63 CPSEs as compared to 72.08 *per cent* contributed by 50 CPSEs during 2017-18 in these three sectors.

Net profit of ₹37,895 crore was contributed by 28 CPSEs which functioned in defence, coal, atomic energy and space sectors which were not open to market competition. This

constituted 21.29 *per cent* of total profit of ₹1,77,932 crore in all 247 CPSEs during 2018-19. ROE of these 28 CPSEs in 2018-19 was 42.03 *per cent* as compared to 18.56 *per cent* in 219 CPSEs functioning in competitive environment.

The list of Government companies which earned profit of more than ₹5,000 crore during the year 2018-19 is given in Table 1.10.

**Table 1.10: List of CPSEs which earned profit of more than ₹5,000 crore**

<i>(₹in crore)</i>		
Sl. No.	Name of the CPSE	Net Profit
1	Oil and Natural Gas Corporation Limited	26,716
2	Indian Oil Corporation Limited	16,894
3	NTPC Limited	11,750
4	Coal India Limited	10,470
5	Power Grid Corporation of India Limited	9,922
6	Bharat Petroleum Corporation Limited	7,132
7	Power Finance Corporation Limited	6,746
8	Mahanadi Coalfields Limited	6,040
9	Hindustan Petroleum Corporation Limited	6,029
10	GAIL (India) Limited	6,026
11	Rural Electrification Corporation Limited	5,703
<b>Total</b>		<b>1,13,428</b>

It may be seen that these 11 CPSEs contributed 63.75 *per cent* of the total profit earned by 247 CPSEs during 2018-19.

Of the 162 Government Controlled other companies, 112 companies earned profit of ₹8,701 crore during the year ended 31 March 2019. ROE in these 112 CPSEs was 20.38 *per cent* in 2018-19. ROE in 162 Government Controlled other companies was 15.95 *per cent*.

### **1.3.2 Loss incurred by Government companies and Corporations**

There were 157 Government companies and corporations that incurred losses during the year 2018-19. The losses incurred by these CPSEs decreased to ₹37,310 crore in 2018-19 from ₹41,180 crore during 2017-18 as given in Table 1.11.

**Table 1.11: Number of CPSEs that incurred losses during 2018-19**

Listed / Unlisted Year	No of CPSEs incurred loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net worth <sup>21</sup> (₹ in crore)
<b>Statutory Corporations</b>				
2016-17	1	907	0	12,891
2017-18	1	847	0	12,144
2018-19	1	1,115	0	11,370
<b>Listed Government Companies</b>				
2016-17	11	10,168	28,481	18,253
2017-18	12	8,292	40,433	9,146
2018-19	12	5,476	35,149	-19,133
<b>Unlisted Government Companies</b>				
2016-17	134	22,745	73,775	1,45,077
2017-18	140	32,041	90,835	1,33,592
2018-19	144	30,719	80,692	1,18,774
<b>Total</b>				
2016-17	146	33,820	1,02,256	1,76,221
2017-18	153	41,180	1,31,268	1,54,882
2018-19	157	37,310	1,15,841	1,11,011

Out of total loss of ₹37,310 crore incurred by 157 CPSEs, loss of ₹2,075 crore was contributed by seven CPSEs which functioned in Urban Development and Petroleum sectors which were not open to market competition. CPSEs listed in Table 1.12 incurred a loss of more than ₹1,000 crore during the year 2018-19.

**Table 1.12: CPSEs that incurred losses of more than ₹1,000 crore during 2018-19**  
(₹ in crore)

Sl. No.	Name of the CPSE	Net loss
1	Bharat Sanchar Nigam Limited	14,904
2	Mahanagar Telephone Nigam Limited	3,390
3	United India Insurance Company Limited	1,878
4	National Insurance Company Limited	1,696
5	ONGC Petro Additions Limited	1,420
6	Damodar Valley Corporation	1,115

Out of 162 Government controlled other companies, 39 companies incurred losses of ₹1,763 crore during the year 2018-19.

### 1.3.3 Erosion of capital in Government Companies

As on 31 March 2019 there were 189 Government companies with accumulated losses of ₹1,40,307.55 crore. Of the 189 CPSEs, 123 CPSEs incurred losses in the year 2018-19 amounting to ₹13,748.56 crore, 66 CPSEs had not incurred loss (including zero profit) in

<sup>21</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision

the year 2018-19, even though they had accumulated loss of ₹24,467 crore. 59 out of 189 CPSEs were under winding up/closure/liquidation/strategic disinvestment.

Net worth of 77 out of 189 CPSEs had been completely eroded by accumulated loss and their net worth was either zero or negative. The net worth of these 77 CPSEs was (-)₹83,394.28 crore against equity investment of ₹40,005.95 crore in these CPSEs as on 31 March 2019. This included six listed companies whose net worth was (-)₹35,860.14 crore against equity investment of ₹6,685.49 crore. Out of 77 CPSEs, whose capital had been eroded (being zero or negative net worth), 15 CPSEs had earned profit of ₹662.45 crore during 2018-19 (*Appendix-VI*).

In 19 out of 77 CPSEs whose capital had been eroded, Government loans outstanding as on 31 March 2019 amounted to ₹4,400.59 crore. This included two listed companies with outstanding Government loan of ₹1849.10 crore.

Net worth was less than half of their paid up capital in respect of 31 out of 356 CPSEs whose net worth was positive at the end of 31 March 2019, indicating their potential financial sickness. In the overall, net worth of all the 434 Government companies and corporations was ₹16,96,646.45 crore against their paid up capital of ₹5,45,337.74 crore.

### 1.3.4 Dividend payout by CPSEs

The details of profit earned and dividend declared by Government companies and corporations is given in the Table 1.13:

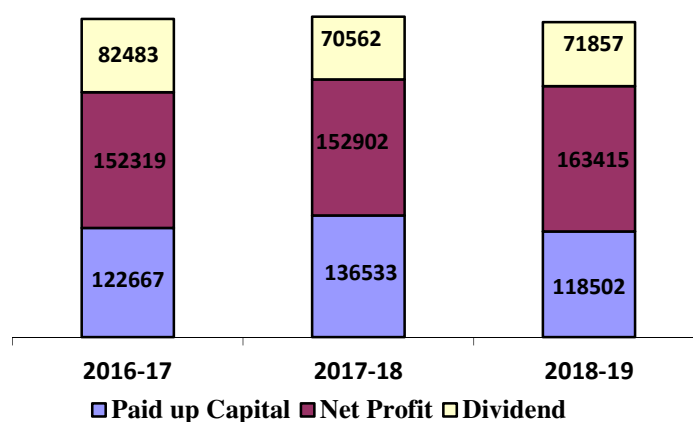
**Table 1.13: Profit earned and dividend declared**

Category	No. of CPSEs	Paid up capital (₹ in crore)	Net profit (₹ in crore)	Dividend declared (₹ in crore)
Statutory Corporations	2	725	2,435	799
Listed Companies	37	76,023	1,31,212	57,652
Unlisted Companies	61	41,754	29,767	13,406
<b>Total</b>	<b>100</b>	<b>1,18,502</b>	<b>1,63,414</b>	<b>71,857</b>

Out of 434 Government companies and Corporations, 100 CPSEs declared dividend in 2018-19. The dividend declared as a percentage of net profit of these 100 profit earning CPSEs decreased from 46.15 *per cent* in 2017-18 to 43.97 *per cent* in 2018-19. In absolute terms, the dividend declared by the CPSEs in 2018-19 increased by ₹1,295 crore compared to previous year. Chart VI depicts the dividend declared *vis-a-vis* net profit earned and paid up capital of CPSEs which declared dividend during the last three years.



**Chart VI: Dividend declared vis-a-vis net profit earned and paid up capital**  
(₹ in crore)



Out of total dividend of ₹71,857 crore declared by 100 CPSEs for the year 2018-19, dividend received/receivable by Central Government was ₹36,715 crore (51.09 per cent of total dividend declared) in 67<sup>22</sup> CPSE shaving equity investment of ₹81,934 crore. The return in the form of dividend on aggregate investment of ₹4,00,909 crore made by the Central Government in equity capital of 434 CPSEs was 9.16 per cent as compared to 11.71 per cent during 2017-18. Similarly, 43 CPSEs received ₹16,752 crore as dividend on paid up capital of ₹12,312 crore on the equity holdings in other CPSEs in 2018-19. 13 CPSEs under the Ministry of Petroleum and Natural Gas, declared dividend amounting to ₹29,272 crore which was 40.74 per cent of the total dividend of ₹71,857 crore declared by 100 CPSEs in 2018-19.

The guidelines issued by Department of Investment & Public Asset Management (DIPAM) in May 2016 envisaged that every CPSE would pay a minimum annual dividend of 30 per cent of profit after tax or five per cent of the net worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. However, 36 CPSEs (including 14 listed CPSEs) had not declared dividend prescribed by the Government as given in **Appendix-VII**. The total shortfall on this account was ₹8,011.33 crore in 2018-19.

Of the 162<sup>23</sup> Government Controlled other Companies, 112 companies earned profit of ₹8,701 crore during the year ended 31 March 2019. Out of these 112 companies, 42 declared dividend amounting to ₹1,063 crore which represented 7.86 per cent of their paid up capital of ₹13,530 crore. Sector wise classification of 42 Government Controlled other Companies which declared dividend during 2018-19 is given in Table 1.14.

<sup>22</sup> 67 CPSEs are out of 204 CPSEs (198 Government companies and Corporations + 6 Statutory Corporations) where Central Government has direct holding.

<sup>23</sup> 182-20 Government Controlled other Companies whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due.

**Table 1.14: Dividend declared by Government Controlled other Companies**

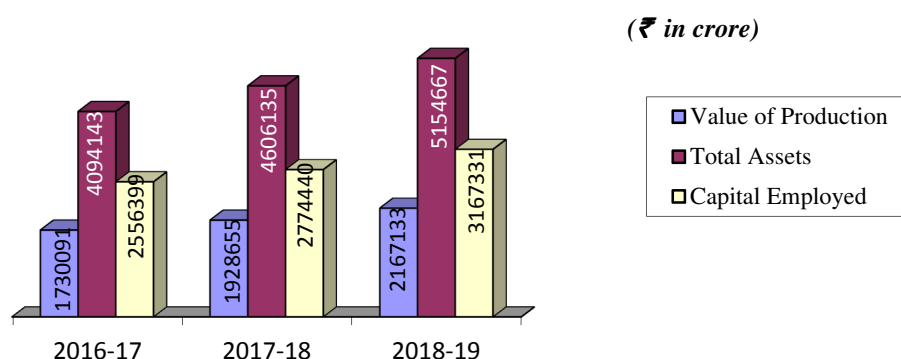
Sector	No. of Companies	Paid up capital (₹ in crore)	Net profit (₹ in crore)	Dividend declared (₹ in crore)
Financial services	24	4140	2310	394
Power	5	5181	1365	246
Insurance	3	1459	1869	235
Industrial Development and Technical Consultancy	3	3	3	1
Contract & Construction Services	2	252	180	52
Transportation Services	1	164	51	8
Trading and Marketing	1	41	15	7
Tele communication services	1	42	63	2
Petroleum	1	60	52	9
Coal & Lignite	1	2188	271	109
<b>TOTAL</b>	<b>42</b>	<b>13530</b>	<b>6179</b>	<b>1063</b>

## 1.4 Operating efficiency of Government Companies and Corporations

### 1.4.1 Value of production

The summary indicating value of production, total assets and capital employed of Government companies and corporations over a period of three years is depicted in the Chart VII.

**Chart VII: Value of Production, Assets and Capital Employed**



There was an increase in the value of production, total assets and capital employed in the year 2018-19 compared to the previous year. CPSE wise details of value of production, total assets and capital employed is given in **Appendix-VIII**.

The value of production, total assets & capital employed in respect of Monopoly<sup>24</sup> and Non-monopoly CPSEs for the last three years ending 2018-19 are given in Table 1.15.

<sup>24</sup> *Monopoly means a market structure characterized by a single seller, selling a unique product in the market. In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute. A CPSE is classified as monopoly if there is no competition in the geographical area in which it operates. CPSEs under Petroleum Sector have been included under Monopoly category. Since the pricing mechanism of petroleum products is effectively under Government control, Government owned and controlled petroleum products companies function as virtual monopolies.*

**Table 1.15: Value Production, Assets & Capital Employed of Monopoly Vs. Non-monopoly***(₹ in crore)*

Type /Year	No of CPSEs	Value of Production	Total Assets	Sum of Capital Employed
<b>Monopoly CPSEs</b>				
2016-17	61	10,40,494	14,21,911	8,58,402
2017-18	64	11,89,866	16,86,755	9,90,103
2018-19	66	14,60,046	19,11,733	11,30,737
<b>Non-Monopoly CPSEs</b>				
2016-17	328	689597	26,72,232	16,97,997
2017-18	347	7,38,789	29,19,380	17,84,337
2018-19	368	7,07,087	32,42,934	20,36,594
<b>Total</b>				
2016-17	389	17,30,091	40,94,143	25,56,399
2017-18	411	19,28,655	46,06,135	27,74,440
2018-19	434	21,67,133	51,54,667	31,67,331

**1.4.2 Return on Capital Employed (ROCE)**

ROCE is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>25</sup>. The CPSE wise details of ROCE are given in *Appendix-IX*. The consolidated ROCE of 434 Government companies and corporations during the period from 2016-17 to 2018-19 is given in Table 1.16.

**Table 1.16: Return on Capital Employed**

Year	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in percentage)
2016-17	273262	2556399	10.69
2017-18	290531	2774440	10.47
2018-19	318634	3167331	10.06

It was observed that ROCE of 434 Government companies and corporations was marginally lower during the year 2018-19 in comparison to that for the year 2017-18.

ROCE in respect of Monopoly and Non-monopoly CPSEs are given in Table 1.17.

**Table 1.17: ROCE of Monopoly vs. Non-monopoly CPSEs**

Year	Monopoly				Non-monopoly			
	No. of CPSEs	EBIT	Capital employed	ROCE (in %)	No. of CPSEs	EBIT	Capital employed	ROCE (in %)
		(₹ in crore)				(₹ in crore)		
2016-17	61	1,10,481	8,58,402	12.87	328	1,62,781	16,97,997	9.59
2017-18	64	1,23,546	9,90,103	12.48	347	1,66,985	17,84,337	9.36
2018-19	66	1,25,877	11,30,737	11.13	368	1,92,757	20,36,594	9.46

<sup>25</sup> *Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure*

### 1.4.3 Return on Equity (ROE) of CPSEs

ROE<sup>26</sup> is a measure of financial performance of companies calculated by dividing net income by shareholders' equity. The CPSE wise details of ROE are given in **Appendix-X**. The consolidated ROE of 434 Government companies and corporations during the period from 2016-17 to 2018-19 is given in Table 1.18.

**Table 1.18: Return on Equity**

Year	Net Profit after Tax and Preference Dividend (₹ in crore)	Equity (₹ in crore)	ROE (in percentage)
2016-17	1,24,722	10,60,364	11.76
2017-18	1,23,821	10,82,084	11.44
2018-19	1,38,819	11,75,234	11.81

It was observed that ROE of 434 Government companies and corporations was marginally higher during the year 2018-19 in comparison to that for the year 2017-18.

ROE in respect of Monopoly and Non-monopoly CPSEs are given in Table 1.19.

**Table 1.19: ROE of Monopoly Vs. Non-monopoly CPSEs**

Year	Monopoly				Non-monopoly			
	No. of CPSEs	Equity	Net Profit after Tax and Preference Dividend	ROE (in percentage)	No. of CPSEs	Equity	Net Profit after Tax and Preference Dividend	ROE (in percentage)
		(₹ in crore)				(₹ in crore)		
2016-17	61	5,62,829	67,007	11.91	328	4,97,535	57,715	11.6
2017-18	64	6,30,954	71,371	11.31	347	4,51,130	52,450	11.63
2018-19	66	6,93,110	69,559	10.04	368	4,82,124	69,260	14.37

It could be seen that ROE of monopoly CPSEs are significantly lower than non-monopoly CPSEs during the last two years.

Sector wise ROE of Government companies and corporations where total equity of the sector is more than ₹10,000 crore during 2018-19 is depicted in Table 1.20.

<sup>26</sup> *Return on Equity = (Net Profit after Tax and preference Dividend/Equity)\*100 where Equity = Paid up Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure*

**Table 1.20: ROE of sectors with total equity of ₹10,000 crore and more**

Sl. No.	Sector	(in percentage)		
		ROE during 2018-19	ROE during 2017-18	ROE during 2016-17
1	Petroleum	15.99	16.77	17.12
2	Transportation services	-1.62	-1.12	-1.33
3	Power	13.22	12.95	11.91
4	Financial services	24.35	25.84	12.56
5	Insurance	-3.34	8.61	0.87
6	Minerals and Metals	17.95	15.33	10.4
7	Coal & Lignite	72.46	43.02	72.38
8	Heavy Industry	3.1	3.68	2.41
9	Steel	16.04	-11.73	-28.08
10	Transport Equipment	24.87	17.14	21.41

#### 1.4.4 Rate of Real Return on Government Investment (RORR)

RORR measures the profitability and efficiency with which equity and similar non-interest bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the PAT by the sum of all such investments counted on historical cost basis.

Out of 596 CPSEs covered in this Report, Central Government has direct investment in 198 CPSEs. Out of these 198 CPSEs, Audit examined the RORR in respect of 139 CPSEs (53 listed CPSEs and 86 unlisted CPSEs).

The RORR of the Central Government investment in these CPSEs was computed on the basis of following assumptions:

- In addition to actual infusion by the Central Government in the CPSEs in the form of equity, interest free loans and grants/subsidy for operational and administrative expenses given by the Central Government to the CPSEs have been considered as investment infusion by the Central Government.
- In the cases where interest free loans given to the CPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- Disinvestment has been deducted while calculating total investment at the end of the year.
- The weighted average interest rate on Central Government securities for the concerned financial year<sup>27</sup> was adopted as compounded rate for arriving at Present

<sup>27</sup> *The weighted average interest rate on Government securities has been taken from Reserve Bank of India's Report on Government Securities Market/Ministry of Finance's Status Paper on Government Debt.*

Value (PV) since they represent the cost incurred by the government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the government.

- For the purpose of RORR calculation of Central Government investment, the period beginning 2000-01 till 2018-19 has been taken considering the investment of Central Government in these 139 CPSEs as on 31 March 2000 as PV of Central Government investment in the beginning of 2000-01.
- Calculation of RORR has been done in respect of 139 CPSEs out of 198 CPSEs as data pertaining to 59 CPSEs could not be made available.

**Table 1.21: Year wise details of investment by the Central Government and RORR of Government funds from 2000-01 to 2018-19**

(₹ in lakh)

Financial year	Present value of total investment of Central Government at the beginning of the year	Equity infused by the Central Government during the year	Net Interest free loan given by the Central Government during the year	Interest free loan converted into Equity during the year	grants/subsidies given by Central Government for operational and administrative Expenditure	Disinvestment by the Central Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year	RORR (in percentage)
A	B	C	D	E	F	G	H = C+D-E+F-G	I = B+H	J	K = I*(1+J/100)	L = I*J/100	M	N = M*100/K
2000-01	5452474.35	1494556.27	63400.00	4053.41	7979.18	12971.39	1548910.7	7001385.00	10.95	7768036.66	766651.66	1906842.06	24.55
2001-02	7768036.66	279920.77	40220.00	0.00	5497.17	0.00	325637.94	8093674.60	9.44	8857717.48	764042.88	2598528.15	29.34
2002-03	8857717.48	184944.74	14232.00	0.00	12745.35	30702.00	181220.09	9038937.57	7.34	9702395.59	663458.02	3354486.33	34.57
2003-04	9702395.59	316503.19	17002.00	0.00	5794.73	114383.88	224916.04	9927311.63	5.71	10494161.12	566849.49	4859167.25	46.30
2004-05	10494161.12	242239.87	5257.41	0.00	60181.50	43291.50	264387.28	10758548.40	6.11	11415895.71	657347.31	6135340.72	53.74
2005-06	11415895.71	220769.33	14340.00	0.00	15357.00	0.00	250466.33	11666362.04	7.34	12522673.01	856310.97	6060419.26	48.40
2006-07	12522673.01	1045214.66	1260.00	0.00	11264.37	0.00	1057739	13580412.05	7.89	14651906.56	1071494.51	7987941.35	54.52
2007-08	14651906.56	762015.19	3003.00	103320.00	46586.96	29411.36	678873.79	15330780.35	8.12	16575639.71	1244859.36	7730127.59	46.64
2008-09	16575639.71	308889.79	4744.00	0.00	13504.66	-23530.01	350668.46	16926308.17	7.69	18227941.27	1301633.10	8256652.99	45.30
2009-10	18227941.27	492352.83	9544.00	0.00	282510.42	108942.17	675465.07	18903406.34	7.23	20270122.62	1366716.28	8163527.26	40.27
2010-11	20270122.62	386934.55	53401.00	0.00	63809.00	156826.44	347318.11	20617440.74	7.92	22250342.04	1632901.31	8353517.88	37.54
2011-12	22250342.04	466996.54	34588.00	8521.12	804.84	26759.64	467108.62	22717450.66	8.52	24652977.46	1935526.80	8643551.67	35.06
2012-13	24652977.46	621386.07	34309.00	0.00	16254.35	138186.71	533762.72	25186740.17	8.36	27292351.65	2105611.48	10761064.99	39.43
2013-14	27292351.65	470331.91	41445.00	0.00	45788.49	192122.55	365442.84	27657794.49	8.45	29994878.13	2337083.63	11801350.80	39.34
2014-15	29994878.13	321965.45	37670.00	0.00	24575.27	84328.65	299882.07	30294760.19	8.51	32872844.29	2578084.09	10032805.38	30.52
2015-16	32872844.29	614725.59	47271.00	23101.14	67276.89	155951.04	550221.3	33423065.59	7.89	36060145.46	2637079.87	10984563.00	30.46
2016-17	36060145.46	1075694.06	84785.00	10177.52	77374.16	298168.10	929507.6	36989653.06	7.16	39638112.22	2648459.16	10948717.60	27.62
2017-18	39638112.22	1076949.62	117658.00	0.00	102538.18	245086.47	1052059.3	40690171.55	6.97	43526276.50	2836104.96	12031734.48	27.64
2018-19	43526276.50	1182211.25	112440.00	0.00	373538.86	503710.14	1164480	44690756.47	7.78	48167697.32	3476940.85	12106119.85	25.13
							<b>11268067</b>	<b>403494959.08</b>					

RORR has shown an increasing trend till 2006-07 when it peaked to 54.52 per cent after which it has started to decline and ranged between 25.13 per cent and 30.52 per cent during preceding five years from 2014-15 to 2018-19.

**Table 1.22: Consolidated RORR on Central Government investment for the year 2018-19**

Total Earnings/Loss in 2018-19 (₹ in lakh)	Investment by the Central Government since inception till 2018-19 (₹ in lakh)	Return on Central Government investment on the basis of historical value (in percentage)	Present value of Central Government investment at the end of 2018-19 (₹ in lakh)	RORR on Central Government investment considering the present value of investments (in percentage)
A	B	C	D	E
Value of column M of above table	Total of the column H above + Govt. investment in the beginning of 2000-01	$A*100/B$	Value of column K of above table	$A*100/D$
1,21,06,120	1,67,20,541 (1,12,68,067+54,52,474)	72.40	4,81,67,697	25.13

The company wise RORR for the preceding three years is given in **Appendix-XI**.

A perusal of the same would reveal that while listed companies have given RORR between 58 per cent and 59 per cent during the preceding three years, the unlisted CPSEs have given negative returns during the preceding three years ranging between two per cent and five per cent.

RORR on the investment of Central Government was compared with Return on the basis of historical value of investment for 139 listed and unlisted CPSEs under the category of monopoly and non-monopoly companies. The results for the year 2018-19 are given in Table 1.23:

**Table 1.23: RORR on Central Government investment for monopoly and non-monopoly CPSEs for the year 2018-19**

	Total Earnings/Loss in 2018-19 (₹ in lakh)	Investment by the Central Government since inception till 2018-19 (₹ in lakh)	Return on Central Government investment on the basis of historical value (in percentage)	Present value of Central Government investment at the end of 2018-19 (₹ in lakh)	RORR on Central Government investment considering the present value of investments (in percentage)
Listed Monopoly CPSEs	65,82,332	12,04,093	546.66	26,88,346	244.85
Listed Non-monopoly CPSEs	67,54,633	50,10,184	134.82	2,00,76,689	33.64
Consolidated Listed	1,33,36,965	62,14,277	214.62	2,27,65,035	58.59
Unlisted Monopoly CPSEs	30,003	39,40,278	0.76	67,88,674	0.44
Unlisted Non-monopoly CPSEs	-12,60,849	65,65,987	-19.20	1,86,13,988	-6.77
Consolidated Unlisted	-12,30,846	1,05,06,265	-11.72	2,54,02,662	-4.85

### 1.4.5 Return on Investment (ROI) of Listed CPSEs

Return on Investment (Annual Average Rate)<sup>28</sup> of 53 CPSEs which are listed on the Stock Exchanges has been computed since 2000-2001 to assess the benefit obtained from the investment made by Central Government in these CPSEs. ROI is a performance measure used to evaluate the efficiency of an investment. The ROI (Annual Average Rate) of these CPSEs was computed on the basis of following assumptions:

- In addition to actual infusion by the Central Government in the CPSEs in the form of equity, grants/subsidy for operational and administrative expenses given to CPSEs by the Central Government has been considered as investment infusion or outflow by the Central Government by recalculating their values at inception.
- Market capitalization of CPSEs at the end of the year and present value of dividend receipts and disinvestment proceeds since inception has been considered as inflow.
- Financial Year 2000-01 has been considered as the Inception Year. Data availability for the CPSEs is the reason for considering 2000-01 as the inception year.

Apart from the ROI (Annual Average Rate), CPSE wise ROI Compounded Annual Growth Rate<sup>29</sup> (CAGR) of these CPSEs has also been calculated to determine the annual growth in the rate of return of the investment.

The consolidated position of the ROI (Annual Average Rate) and ROI (CAGR) of such Central Government investment in the CPSEs is indicated in Table 1.24:

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<sup>28</sup> *{{(Government's share of the Market Capitalization of the company as at 31 March of FY + Present Value of Dividend Receipts of the Government as at 31 March of FY + Present Value of Disinvestment Receipts of the Government as at 31 March of FY) – (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/Grants infused for meeting Operational and Administrative Expenditure as at Inception)}/ (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/Grants infused for meeting Operational and Administrative Expenditure as at Inception)\*100/Number of intervening annual periods.*

<sup>29</sup> *Compound Annual Growth Rate indicates geometric progression ratio that provides a constant rate of return over the time period.*



Table 1.24: Year wise details of inflows by the Central Government and outflows to the Central Government during 2000-01 to 2018-19 and ROI Annualised and ROI (CAGR)

## Consolidated Return on Investment (ROI)

(₹ in lakh)

Year	Equity held by Central Government	Equity added by Central Government	Grants\subsidy given by Central Government	Dividend receipts by Central Government	Disinvestments receipts by Central Government	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants\subsidy	PV of disinvestments receipts	PV of dividend receipts	Cost of investment	Market value of Share	Current value of investment	ROI (Annual Average Rate)	ROI (CAGR)
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
								(1+h)	c/product of i since inception to year value of (g-1)	d/product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk		o+Σl+Σm	((r-n)/g)*100	((p/n)^(1/g-1))*100
2000-01	1143377	41010	0	279637	12792	1	0.1095	1.1095	41010	0	53830	1176702	1184387	4024177	5254709	343.66	343.66
2001-02	1131470	8615	0	372546	0	2	0.0944	1.0944	7765	0	0	1412942	1180244	5703717	8347191	303.62	165.94
2002-03	1140492	4981	0	685784	0	3	0.0734	1.0734	4102	0	0	2376598	1193368	6092799	11112872	277.07	110.39
2003-04	1140492	38649	384	724270	1239096	4	0.0571	1.0571	29653	295	4000479	2338340	1223316	15036927	26395819	514.43	115.53
2004-05	1921747	22550	59110	1183341	268407	5	0.0611	1.0611	16367	42902	819757	3614106	2063840	23656756	39449511	362.29	80.42
2005-06	1921747	13578	2000	1143356	0	6	0.0734	1.0734	9287	1368	0	3290912	2074496	37544749	56628416	438.29	73.52
2006-07	2024792	151848	9277	1369123	0	7	0.0789	1.0789	96763	5912	0	3671262	2280216	39234225	61989153	374.08	60.29
2007-08	2485474	26085	39652	1459375	181445	8	0.0812	1.0812	15406	23420	450959	3627094	2779724	80191057	107024039	468.77	57.83
2008-09	2485474	68391	13180	1382257	0	9	0.0769	1.0769	37360	7200	0	3177420	2824284	59007214	89017615	339.10	46.73
2009-10	3624723	125038	282000	1636823	2355291	10	0.0723	1.0723	63428	143050	5027534	3493913	4170011	102973421	141505269	329.34	42.25
2010-11	4578224	225217	18000	2139147	2214954	11	0.0792	1.0792	106543	8515	4409191	4258285	5238570	119637540	166836864	280.43	36.98
2011-12	4578224	8671	0	2604938	1389405	12	0.0852	1.0852	3801	0	2562837	4804958	5242371	90417318	144984438	222.14	31.87
2012-13	4690424	49199	13000	2855499	2404814	13	0.0836	1.0836	19873	5251	4087558	4853604	5379695	73100779	136609061	187.64	28.25
2013-14	4690424	73364	0	3842100	1424757	14	0.0845	1.0845	27348	0	2234880	6026735	5407043	68286227	140056125	177.88	26.17
2014-15	4694039	19200	16500	2966621	2432259	15	0.0851	1.0851	6600	5671	3517982	4290876	5422929	84160646	163739402	194.63	25.51
2015-16	4694039	12003	55202	3532471	1860590	16	0.0789	1.0789	3802	17486	2480075	4708610	5444218	67391637	154159077	170.73	23.24
2016-17	4694039	572439	60881	3918593	2955637	17	0.0716	1.0716	168070	17875	3651606	4841311	5630163	92449221	187709578	190.24	22.91
2017-18	5047977	456978	55437	3841947	8036851	18	0.0697	1.0697	125206	15189	9265868	4429468	6124496	98390425	207346118	182.53	21.61
2018-19	5066302	71324	368453	3515628	4202223	19	0.0778	1.0778	18269	94373	4529156	3789144	6255462	78329267	195603259	159.31	19.86

ROI (Annual Average Rate) indicates a continuous declining trend since 2007-08 as it was 469 per cent in 2007-08, which has reduced to 159 per cent in 2018-19.

ROI (Annual Average Rate) and ROI (CAGR) of listed CPSEs under the category of monopoly and non-monopoly companies were calculated and the results for the last three years are given in Table 1.25:

**Table 1.25: ROI (Average Annual Rate) and ROI (CAGR) for monopoly and non-monopoly listed CPSEs during 2016-17 to 2018-19**

	ROI (Average Annual Rate)			ROI (CAGR)		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
	Listed Monopoly CPSEs	667.53	552.04	510.68	32.16	29.18
Listed Non-monopoly CPSEs	130	133.64	112.79	20.29	19.60	17.79

(in percentage)

Listed CPSE wise ROI (Average Annual Rate) and ROI (CAGR) for last three years is given in Table 1.26:

**Table 1.26: ROI (Average Annual Rate) and ROI (CAGR) of CPSEs during 2016-17 to 2018-19**

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
1	Bharat Heavy Electricals Limited	990.89	701.43	652.00	35.24	30.90	28.93
2	Engineers India Limited	586.94	579.04	498.75	31.17	29.52	27.14
3	Power Finance Corporation Limited	253.58	180.34	190.04	35.77	29.69	28.37
5	Housing and Urban Development Corporation Limited	NA <sup>30</sup>	501.56	158.68	NA	501.56	104.29
6	IFCI Limited	52.94	27.64	15.05	29.54	17.70	10.83
7	Indian Oil Corporation Limited	613.01	398.23	372.13	31.51	26.89	25.22
8	MOIL Limited	614.60	604.20	501.01	71.72	62.80	53.05
9	National Fertilizers Limited	67.20	54.38	44.83	15.98	14.13	12.59
10	NHPC Limited	40.76	33.97	29.39	19.86	16.84	14.69
11	NTPC Limited	203.85	195.20	180.15	29.04	26.98	24.88
12	Power Grid Corporation of India Limited	203.17	175.55	116.93	35.79	31.49	25.34
13	Rural Electrification Corporation Limited	312.95	238.91	126.81	41.55	35.06	26.13
14	Scooter India Limited	22.63	30.85	17.55	9.73	11.01	8.02

<sup>30</sup> NA denotes that CPSE was not listed in that year but listed in subsequent year.

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
15	SJVN Limited	53.27	49.74	37.63	24.85	22.22	17.85
16	Dredging Corporation of India Limited <sup>20</sup>	620.62	543.22	502.11	31.60	29.07	27.18
17	NMDC Limited	2237.60	2057.45	1910.58	41.86	38.92	36.39
18	Bharat Electronics Limited	1953.22	1771.29	1296.87	40.73	37.77	33.65
19	Bharat Dynamics Limited	NA	3626.74	1422.10	NA	3626.74	442.60
20	BEML Limited	938.91	716.00	666.08	34.82	31.04	29.07
21	Balmer Lawrie Investment Company Limited	374.28	378.21	372.60	30.96	29.36	27.76
22	Container Corporation of India Limited	1464.55	1615.81	1611.94	38.37	37.07	35.18
23	HMT Limited	20.14	14.07	12.45	9.14	7.26	6.59
24	Bharat Petroleum Corporation Limited	989.40	750.58	688.08	35.23	31.39	29.29
25	Hindustan Petroleum Corporation Limited	816.66	1720.96	1630.39	33.72	37.55	35.26
26	Oil and Natural Gas Corporation Limited	708.74	629.78	583.37	32.62	30.12	28.18
27	KIOCL Limited	NA	2103.72	675.39	NA	2103.72	280.89
28	Mishra Dhatu Nigam Limited	NA	NA	1334.10	NA	NA	1334.10
29	New India Assurance Company Limited	NA	14290.58	4396.22	NA	14290.58	843.00
30	General Insurance Corporation of India Limited	NA	15527.18	3144.79	NA	15527.18	699.35
31	Hindustan Aeronautics Limited	NA	11254.92	3974.59	NA	11254.92	797.17
32	Mahanagar Telephone Nigam Limited	41.36	36.20	30.67	13.04	11.86	10.64
33	Coal India Limited	691.65	614.62	519.70	74.57	63.14	53.67
34	Oil India Limited	949.29	743.46	598.87	72.10	59.79	50.82
35	Steel Authority of India Limited	71.53	71.92	60.55	16.37	15.77	14.22
36	Andrew Yule and Company Limited	27.67	27.45	15.80	10.79	10.41	7.57
37	Hindustan Copper Limited	113.71	105.33	87.26	19.38	18.09	16.29
38	MSTC Limited	NA	NA	1121.93	NA	NA	1121.93
39	National Aluminium Company Limited	185.81	174.36	161.43	22.74	21.31	19.95
40	Shipping Corporation of India Limited	171.90	155.68	133.15	22.20	20.58	18.78
41	Rashtriya Chemicals & Fertilisers Limited	65.31	58.26	49.28	15.80	14.53	13.10
42	Hindustan Organics Chemicals Limited	-3.18	-3.16	-3.00	-4.48	-4.55	-4.35

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
43	Bharat Immunologicals and Biologicals Corporation Limited	8.01	5.88	-1.03	5.18	4.09	-1.14
44	ITI Limited	1.54	8.59	7.69	1.38	5.33	4.85
45	NLC (India) Limited	119.83	112.46	111.23	19.74	18.50	17.70
46	Cochin Shipyard Limited	NA	5023.09	2109.69	NA	5023.09	557.22
47	Fertilisers and Chemicals Travancore Limited	25.23	37.69	19.47	10.29	12.08	8.49
48	Madras Fertilisers Limited	30.83	54.88	21.10	24.40	33.70	15.50
49	NBCC (India) Limited	1842.59	1707.63	994.55	147.64	116.67	83.71
50	STC Limited	179.08	150.72	142.94	24.83	22.32	20.93
51	MMTC Limited	970.44	842.41	652.65	39.44	35.93	31.99
52	Indian Tourism Development Corporation limited	788.82	722.12	388.17	109.59	88.12	61.11
53	IRCON International Limited	NA	NA	4234.74	NA	NA	4234.74
	<b>CONSOLIDATED</b>	<b>190.24</b>	<b>182.53</b>	<b>159.31</b>	<b>22.91</b>	<b>21.61</b>	<b>19.86</b>

From the review of ROI (Average Annual Rate) and ROI (CAGR) of 50 listed CPSEs<sup>31</sup> it was observed that ROI (Average Annual Rate) of 47 CPSEs<sup>32</sup> and ROI (CAGR) of 48 CPSEs<sup>33</sup> have reduced during the period from 2016-17 to 2018-19. 10 out of 53 CPSEs were not listed during 2016-17. While the consolidated ROI (Average Annual Rate) of 43 listed CPSEs was 190.24 per cent during 2016-17, it reduced to 159.31 per cent of 53 listed CPSEs in 2018-19. Similarly, ROI (CAGR) of 43 listed CPSEs reduced from 22.91 per cent in 2016-17 to 19.86 per cent of 53 listed CPSEs in 2018-19. It was also noticed that in respect of seven CPSEs<sup>34</sup> listed during 2017-18, ROI (Average Annual Rate) and ROI (CAGR) declined sharply in 2018-19 in comparison to that of 2017-18 mainly due to shortfall in market value of shares held by Central Government as well as proceeds from disinvestment.

<sup>31</sup> *Mishra Dhatu Nigam Limited, MSTC Limited and IRCON International Limited were listed on the stock exchange during 2018-19 and hence have not been included in this list.*

<sup>32</sup> *Except ITI Limited, Hindustan Petroleum Corporation Limited and Container Corporation of India Limited.*

<sup>33</sup> *Except ITI Limited and Hindustan Petroleum Corporation Limited.*

<sup>34</sup> *Seven CPSEs, namely Housing and Urban Development Corporation Limited, Bharat Dynamics Limited, KIOCL Limited, New India Assurance Company Limited, General Insurance Corporation of India Limited, Hindustan Aeronautics Limited and Cochin Shipyard Limited.*

#### 1.4.6 Performance of listed CPSEs with private companies

The performance of 35<sup>35</sup> listed CPSEs on the parameters of five ratios (ROE, ROCE, Earnings Per Share, Price Earnings Ratio and ICR) was compared with private companies with similar nature of business during the last five years from 2014-15 to 2018-19. The comparison revealed the following results:

**ROE:** ROE in 18 out of 35 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during last five years. (*Appendix-XII*).

**ROCE:** ROCE in 17 out of 35 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during last five years. (*Appendix-XIII*).

**Earnings Per Share (EPS):** EPS in respect of 26 out of 35 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during last five years. (*Appendix-XIV*).

**Price Earnings (P/E) Ratio<sup>36</sup>:** P/E Ratio in respect of 29 out of 35 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during last five years. (*Appendix-XV*).

**ICR:** ICR in respect of 17 out of 35 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during last five years. (*Appendix-XVI*).

In respect of eight CPSEs, all the above parameters were less in comparison to private companies in same sector during all the five years.

#### 1.4.7 Sales and Marketing

During 2018-19, the total sales of 434 CPSEs was ₹25,23,673 crore as compared to ₹21,56,328 crore in 411 CPSEs during 2017-18. Out of 434 CPSEs, 128 CPSEs sold goods/rendered services worth ₹2,63,262 crore to Government sector out of their sales of ₹12,28,922 crore. The overall percentage of sales of these 128 CPSEs to the Government sector with reference to their total sales worked out to 21.42 per cent.

There were 58 CPSEs which exported goods/services worth ₹1,12,579 crore (7.11 per cent of their total sales amounting to ₹15,83,485 crore) whereas 29 CPSEs imported goods/services worth ₹70,413 crore resulting in net export of ₹42,166 crore by the CPSEs.

The details of total sales, sales to Government sector and exports thereon in respect of monopoly and non-monopoly CPSEs are given in Table 1.27.

<sup>35</sup> Shares of only 47 CPSEs were traded during the last five years. In case of 11 CPSEs no listed private companies with similar nature of business were found, hence 36 CPSEs were considered for comparison.

<sup>36</sup> Price Earnings Ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per – share earnings. The P/E ratio is calculated as Market Value per Share/Earnings per Share

**Table 1.27: Sales details of Monopoly Vs. Non-monopoly CPSEs***(₹ in crore)*

Type /Year	No. of CPSEs	Total Sales	Sales to Government Sector	Export Sales
<b>Monopoly CPSEs</b>				
2016-17	61	12,15,516.40	42,842.51	36,279.50
2017-18	64	13,74,328.35	57,798.62	44,130.73
2018-19	66	16,59,394.41	64,097.00	74,195.20
<b>Non-Monopoly CPSEs</b>				
2016-17	328	737683.95	180235.26	36473.20
2017-18	347	781999.68	176870.53	31193.81
2018-19	368	864278.14	199165.17	38383.36
<b>Total</b>				
2016-17	389	1953200.35	223077.77	72752.70
2017-18	411	2156328.03	234669.15	75324.54
2018-19	434	2523672.55	263262.17	112578.56

Against the total sales of ₹25,23,673 crore by 434 CPSEs, the export sales by 58 CPSEs was 4.46 per cent (₹1,12,579 crore). The CPSEs with export sales of more than ₹5,000 crore is given in Table 1.28:

**Table 1.28: CPSEs with export sales of more than ₹5,000 crore during 2018-19***(₹ in crore)*

Sl. No.	Name of the CPSE	Export sales
1	Mangalore Refinery and Petrochemicals Limited	28,009
2	Indian Oil Corporation Limited	24,222
3	GAIL (India) Limited	8,280
4	ONGC Petro Additions Limited	7,671
5	ONGC-Mangalore Petrochemicals Ltd	7,070
6	Oil and Natural Gas Corporation Limited	6,862
7	Bharat Heavy Electricals Limited	5,227
<b>Total</b>		<b>87,341</b>

The export sales of these seven CPSEs accounted for 77.58 per cent of the total export of all CPSEs.

#### 1.4.8 Research and Development

Patent of technology, product or invention enables the right of a company to exclude others from making, using or selling it. This also helps in recovering the development costs and to obtain a return of investment in the development of the patented technology. Registration of patent helps in limiting the risk that the technology, product or invention developed on the same idea will be obtained by some other company. Table 1.29 indicates CPSE wise R&D expenditure *vis-a-vis* patents registered during the last three years.

**Table 1.29: R&D Expenditure and Patents Registered**

2016-17		2017-18		2018-19	
R&D expenditure (₹ in crore)	Patents registered	R&D expenditure (₹ in crore)	Patents registered	R&D expenditure (₹ in crore)	Patents registered
4,621.79	356	5,320	339	5,435	371

Out of 371 patents registered during 2018-19, 31 patents have been commercialised by six CPSEs and earned revenue of ₹796.65 crore during 2018-19 as mentioned in the Table 1.30 below.

**Table 1.30: Number of patents commercialised and revenue earned**

Name of the CPSE	Total expenditure on R&D (₹ in crore)	Patents registered	Patents commercialised	Revenue earned on commercialisation of patents (₹ in crore)
NLC India Ltd.	16.79	4	1	0.49
Bharat Petroleum Corporation Limited	100.72	12	2	50.98
Indian Oil Corporation Limited	437.34	110	7	Nil
Bharat Heavy Electricals Limited	267.59	174	19	707.63
Artificial Limbs Manufacturing Corporation of India Limited	0.79	1	1	37.26
National Aluminium Company Limited	31	1	1	0.29
<b>Total</b>	<b>854.23</b>	<b>302</b>	<b>31</b>	<b>796.65</b>

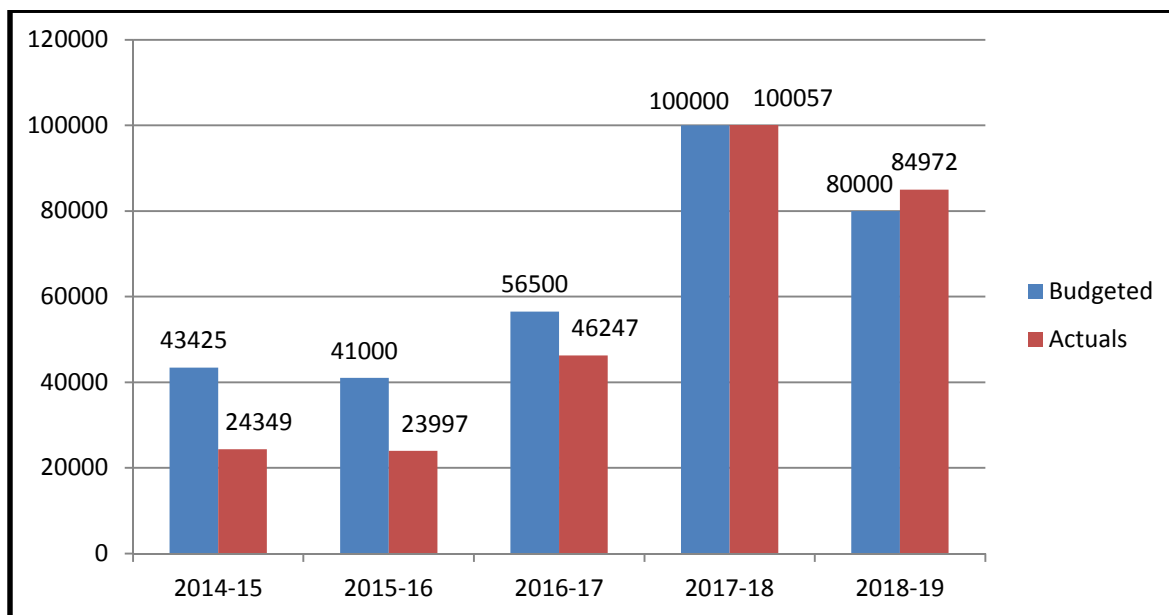
Further, the CPSEs that had incurred R&D expenditure of more than ₹500 crore during the year 2018-19 is given in Table 1.31.

**Table 1.31: CPSEs with R&D Expenditure of more than ₹500 crore**

Sl No	Name of the CPSE	Total R&D expenditure (₹ in crore)	Net profit (₹ in crore)	Percentage of R&D expenditure to net profit
1	Hindustan Aeronautics Limited	1,464	2,282	64.15
2	Bharat Electronics Limited	1,077	1,927	55.89
3	Oil and Natural Gas Corporation	583	26,716	2.18

#### 1.4.9 Disinvestment

The year wise target of disinvestment in CPSEs and the amount realised there against by Central Government during last five years ending 31 March 2019 is depicted in the Chart below.

**Chart VIII: Disinvestment target and actual realisation**(**₹ in crore**)

Source: Department of Investment & Public Asset Management

During 2018-19, the Central Government realised ₹84,972.16 crore against a budgeted receipt of ₹80,000 crore, on disinvestment in CPSEs. The realised amount consisted of

- (i) ₹45,080 crore from Exchange Traded Funds (ETF) consisting of CPSE-ETF and Bharat-22 ETF<sup>37</sup>,
- (ii) ₹1,914 crore from proceeds raised by IPOs,
- (iii) ₹5,379 crore from disinvestment of strategic holdings of Specified Undertaking of the Unit Trust of India (SUUTI)<sup>38</sup> investment and ₹779 crore through sale of shares under the custody of Custodian of Enemy Property of India (CEPI)<sup>39</sup>,
- (iv) ₹15,913.80 crore amount realised through Strategic Disinvestment, and
- (v) ₹15,904.63 crore was realised through disinvestment of holdings in 11 CPSEs through Buyback sale and Offer for Sale (OFS)<sup>40</sup> of shares.

The guidelines on capital restructuring of CPSEs issued by DIPAM, Ministry of Finance in May 2016 envisaged that every CPSE having net-worth of at least ₹2,000 crore and cash

37 An ETF is a basket of stocks that reflects the composition of an index, like Nifty 50. The Government operates two ETFs-(i) CPSE-ETF consisting of 11 CPSE stocks and (ii) Bharat-22 ETF consisting of 16 CPSE stocks

38 SUUTI was formed by the restructuring of the erstwhile Unit Trust of India (UTI) into UTI Trustee Company Private Limited. It came into effect from 1 February 2003 on the passing of Unit Trust of India (transfer of Undertakings and Repeal) Act, 2002. SUUTI has been entrusted with the responsibility of managing the schemes mentioned in Schedule I of the Repealed Act. During 2018-19, Axis Bank shares were off-loaded fetching an amount of ₹5,379 crore.

39 For the first time, shares under CEPI were sold off, through a well-planned dribbling mechanism on daily basis.

40 OFS: Offer for sale (OFS) is a segment wherein Promoter/Promoter Group Entities/Non Promoters can sell shares in a transparent manner through the bidding platform of the Exchange.



and bank balance of over ₹1,000 crore should exercise the option to buy-back its shares. However, Mazagon Dock Limited and General Insurance Corporation of India had not complied with these guidelines

The guidelines further envisaged that every CPSE should issue bonus shares if its defined reserves and surplus was equal to or more than 10 times of its paid up equity share capital. However, CPSEs mentioned in Table 1.32 had not complied with these guidelines (30 September 2019):

**Table 1.32: CPSEs which did not comply with guidelines on issue of bonus shares**

Sl. No.	Name of CPSE	Paid up Capital	Defined Reserves	Remarks
		As on 31 March 2019 (₹ in crore)		
1	BEML Limited	41.77	2095.19	Strategic disinvestment under process
2	Mazagon Dock Limited	224.10	2581.74	Approval for exemption sought for
3	Eastern Investments Limited	1.44	243.00	Approval for exemption sought for
4	Bharat Petroleum Corporation Limited	1966.88	34072.34	Strategic disinvestment under process
5	The Shipping Corporation of India Limited	465.8	6363.36	--
6	Antrix Corporation Limited	6.80	1471.60	--
7	Karnataka Antibiotics and Pharmaceuticals Limited	13.49	179.57	--