

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:3495
ANSWERED ON:15.12.2011
BHEL EXPANSION IN POWER SECTOR
Shetkar Shri Suresh Kumar;Siricilla Shri Rajaiah

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether Bharat Heavy Electricals Limited (BHEL) is spelling out its endeavour to focus on improvement in cost competitiveness and quality and was likely to become a 20,000 MW company in power equipment making by March, 2012;
- (b) if so, the details thereof;
- (c) the steps taken so far in this regard; and
- (d) the other initiatives being taken by BHEL during the last one year including the current year?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a): Yes, Madam, Bharat Heavy Electricals Limited (BHEL) strives to improve its cost competitiveness and quality and has planned to attain the capacity to manufacture 20,000 MW power equipment by March, 2012.

(b): BHEL strives to retain cost competitiveness by exploring cheaper options for inputs through global sourcing, indigenization, and various integrated operations, improvement initiatives like design to cost, purchase and supply chain management etc. BHEL has adopted European Foundation for Quality Management (EFQM) model of business excellence apart from obtaining ISO (International Organization for Standardization) accreditation for all major Units of the Company. The manufacturing capability enhancement for the main power equipment like Boiler, Turbines, Generator and Electronic Cubicles is mainly being undertaken in a brown-field expansion mode at the existing major units of the Company at a total sanctioned capital expenditure of approximately Rs. 1,593 Crore.

(c): The steps taken by BHEL include vendor base expansion, Advanced Manufacturing Actions, enhanced outsourcing & Away Center Fabrication, deployment of additional tools and plants, and Reverse Auction. The Company has made recruitment of the required manpower. Funds for expansion have been made available through the internal resources. BHEL has planned such capacity addition steadily as the capacity was enhanced from 6,000 MW to 10,000 MW p.a. in 2007 and 15,000 MW p.a. in 2010.

(d): The other initiatives taken by BHEL during the last year and current year inter-alia include :

Capital expenditure of Rs. 1,655 crore and R&D expenditure of Rs. 982 crore during 2010-11

303 nos. of patents and copy-rights filed during 2010-11

Introduction of new rating of 700 MW supercritical thermal sets

Strategic partnerships with GE India Industrial Pvt. Ltd. (GEIPL) to address the requirement of water treatment plants for power plants, industry and municipal corporations; with Abengoa, Spain to develop Concentrated Solar Power (CSP) projects in India and with Nuovo Pignone (part of GE Oil & Gas), Italy for technology sourcing for the manufacture of higher size centrifugal compressors

Formation of BHEL Electrical Machines Limited incorporated on 19.01.2011, a subsidiary company of BHEL formed with Govt. of Kerala, for manufacture of electrical machines for Railways and Industries by acquiring the assets of Kasargod Unit of Kerala Electrical and Allied Engineering Company Limited (KEL).