

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

UNSTARRED QUESTION NO:5880
ANSWERED ON:02.05.2013
SAFEGUARDING INTEREST OF BHEL
Singh Shri Sushil Kumar

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

- (a) whether the Government is taking any steps to protect the interest and efficiency of Bharat Heavy Electricals Limited (BHEL) from Chinese competition;
- (b) if so, the reasons for sluggish performance of BHEL in recent quarters and the reasons for decreasing order book; and
- (c) the details of Chinese companies who are competing with BHEL in the Indian domestic market along with their market share?

Answer

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

(a): Yes, Madam.

(b): The major reasons affecting the performance and also the decreasing order book position of Bharat Heavy Electricals Limited (BHEL) in the recent past is due to a combination of factors which inter-alia include:-

a sharp contraction in new orders maturing in the domestic power sector market due to issues related to non-availability of land, coal/fuel linkages, environmental clearances etc.

orders getting deferred or being put on hold

weak investment sentiments, financing constraints from the banks

customers constraints in releasing payments for deliveries and thereby also curtailing progress of some of the power projects

aggressive competition from new players / Joint Ventures formed in the private sector in the Country for super-critical boilers and turbine generators affecting price realisation and impacting margins

inflationary pressures and hardening of interest rates impacting cost / domestic demand and cost of capital

political turmoil / armed conflict in countries like Syria

(c): A number of Chinese companies are competing with BHEL in the Indian market such as Dongfang, Harbin Power, Shanghai Electric, SEPCO etc. Out of 54,964 MW utility power generating capacity added during the 11th Five Year Plan, equipment from Chinese suppliers/manufacturers accounted for nearly 18,500 MW (i.e. 34%).