

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

UNSTARRED QUESTION NO:187
ANSWERED ON:05.12.2013
BHEL PROJECTS
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether Bharat Heavy Electricals Limited (BHEL) is facing an alarming situation in the absence of new orders from the much delayed power projects;
- (b) if so, the details thereof;
- (c) whether even existing projects are going slow or being put on hold due to financial woes; and
- (d) if so, the steps the Government is taking to help BHEL in getting orders?

Answer

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

(a) & (b): The domestic manufacturing industry related to power / electrical equipment / capital goods, of which Bharat Heavy Electricals Limited (BHEL) is a part, is currently going through a sluggish and difficult period since 2011-12 because of slowdown in the Indian power sector as well as subdued industrial activity. This is on account of a combination of factors, which inter-alia include:

- # a sharp contraction in new orders maturing in the domestic power sector market due to issues/bottle-necks related to non-availability/acquisition/ lack of enabling requirements such as land, coal/fuel linkages, environmental clearances etc.
- # orders getting deferred or being put on hold.
- # weak investment sentiment, financing constraints from the banks / financial institutions.
- # 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.
- # a surge in imports of electrical equipment in recent years, mainly from China, resulting in loss of business to the domestic power equipment manufactures. # inflationary pressures and hardening of interest rates impacting cost / domestic demand and cost of capital.
- # lack of level playing field including infrastructure bottlenecks suffered by the domestic industry vis-a vis foreign suppliers / manufactures.
- # enhanced ceiling on External Commercial Borrowings (ECBs) for inter-alia financing of domestic power projects which generally facilitates sourcing of equipment from outside the Country.
- # global slowdown, political turmoil, armed conflict in countries like Syria, resulting in lower demand for export etc.

The above factors have adversely affected the order booking position as also lower capacity utilisation of the domestic manufactures of power equipment, including BHEL which is a major domestic market player in the field.

(c): Some of the existing power projects are going slow or are being put on hold due to customer's constraints in releasing payments for deliveries and other constraints faced by them thereby curtailing progress of their projects.

(d): Department of Heavy Industry and Ministry of Power undertake review meeting with BHEL on regular basis and through suitable interventions provide required support in taking up the issues with other Government Agencies / Departments / Ministries etc.