



Oil, coal CPSEs told to spend 75% by December

14 firms including ONGC, Indian Oil, GAIL, and Coal India set an outlay of 1.15-lakh cr

OUR BUREAU

New Delhi, October 19

The Finance Ministry on Monday asked Central Public Sector Enterprises (CPSEs) under the Oil and Coal Ministries to ensure capital expenditure of up to 75 per cent of their outlay by December.

These companies include ONGC, Indian Oil, GAIL and Coal India. For the current fiscal, the capex target of these 14 companies is nearly ₹1.15-lakh crore.

Finance Minister Nirmala Sitharaman reviewed the capex plan of these companies. The Oil Secretary and Coal Secretary were also present during the meeting. This was fourth in the series of meetings that the Finance Minister is having with various stakeholders to accelerate the economic growth amid the Covid-19 pandemic.

During FY20, against the capex target of ₹1.12-lakh crore, the actual expenditure was over

₹1.16 lakh crore, which is 104 per cent of the target. During the first half (April-September) of FY21, these companies spent over ₹37,000 crore, which is 32 per cent of the target. During the corresponding period of last fiscal, these companies used 39 per cent (over ₹43,000 crore) of the target.

Critical for economic growth

Sitharaman said the capex of CPSEs is a critical driver of economic growth, and needs to be scaled up for FY21 and FY22. She has asked the secretaries concerned to closely monitor the performance of CPSEs to ensure that the capex target is

achieved by the end of Q3. She said co-ordinated efforts are required at the secretary-level by the ministries and the heads of the CPSEs concerned.

While mentioning the significant role of CPSEs in giving a push to the growth of the economy, the Finance Minister encouraged the CPSEs to perform better to achieve their targets and ensure that the capital outlay for FY21 is spent properly and within time.





Meet 75% of FY21 capex target by Dec: FM to oil & gas, coal CPSEs

ENSECONOMIC BUREAU
NEW DELHI, OCTOBER 19

DURING A video conference on Monday, Finance Minister Nirmala Sitharaman asked fourteen central public sector enterprises (CPSEs) in the petroleum and coal sectors to accelerate spending to achieve 75 per cent of their annual (FY21) capex targets by the end of December quarter.

The eleven CPSEs, which attended the meeting, include ONGC, Indian Oil, BPCL, GAIL (India) and Coal India. As reported earlier, the finance ministry has told

Fourth meet by FM this year about CPSE capex

CPSEs/undertakings with an annual capex budget of Rs 500 crore and more that they must achieve 150 per cent of initial capex target of Rs 4.9 lakh crore in FY21.

Monday's video conference was the fourth by the FM this year related to CPSE capex. Sitharaman asked the CMDs of the 14 CPSEs, secretaries of administrative ministries of petroleum and coal to closely monitor the capex performance. **FE**

'Govt asks at least 8 state-run firms to consider buybacks'

New Delhi: India has asked at least eight state-run companies to consider share buybacks in the fiscal year that runs through March 2021, two government officials said. The firms include miner Coal India, power utility NTPC, minerals producer NMDC and Engineers India Ltd, said one of the sources.

"Buyback is an important tool in our strategy and it helps in building market price," added the second official. **REUTERS**



CAPEX TARGET

Oil & gas, coal PSUs told to stick to FY21 plan

FM says scaling up of CPSE capex in FY21-FY22 vital for revival

FE BUREAU
New Delhi, October 19

THE CENTRE WOULD keep the pressure on companies owned by it to arrest the fall in public capital expenditure, a stance that could scale up borrowings by these entities in the year, from a market where the government already has an unusually high presence.

During a video conference on Monday, finance minister Nirmala Sitharaman asked fourteen central public sector enterprises (CPSEs) in the petroleum and coal sectors to accelerate spending to achieve 75% of their annual (FY21) capex targets by the end of December quarter. This is a daunting task for these firms, since in April-September, they have met only 32% (₹37,423 crore) of their FY21 capex target of ₹1.16 lakh crore. The achievement was lower, compared with 39% (₹43,097 crore) of the relevant target achieved in the year ago period. In FY20, against the capex target of ₹1,11,672 crore for these 14 CPSEs, the achievement was ₹1,16,323 crore or 104%.

The eleven CPSEs, which attended Monday's meeting, include biggies like ONGC, Indian Oil, BPCL, GAIL

AGAINST ALL ODDS

₹1,15,934 cr

Capex target of 14 CPSEs in petroleum and coal sectors in FY21

32% Capex achieved by the firms in H1 FY21 against annual target, compared with 39% of relevant target in the year-ago period

75% Capex target given by FM to these 14 companies for April-December

■ Average achievement of capex by CPSEs and departmental undertakings was about 30% in H1 FY21

■ Finance ministry asks CPSEs with capex budget of ₹500 cr and more to achieve 1.5 times capex target in FY21



(India) and Coal India. As reported by FE earlier, the finance ministry has already told CPSEs/undertakings with an annual capex budget of ₹500 crore and more that they must achieve 150% of the initial capex target of ₹4.9 lakh crore in FY21.

Continued on Page 2

Capex target: Oil & gas, coal PSUs told to stick to FY21 plan

THIS IS DESPITE the fact that these large CPSEs – companies and undertakings – achieved 30% of their capex target for FY21 in the first half of the financial year, by spending almost ₹1.5 lakh crore. That was still a creditable achievement, as it reflected that these companies have managed to hold on to the capex pace shown in recent years in the first half, despite the Covid-19 shock. In the last few years, CPSE capex has remained robust; the ratio of capex deployment between the first and second halves of a financial year has been 3:7.

Monday's video conference was the fourth by the finance minister this year related to CPSE capex.

Sitharaman asked the CMDs of the 14 CPSEs, secretaries of administrative ministries of petroleum and coal to closely monitor the capex performance. Oil and gas sector companies, which make up for bulk of the capex in this group of 14 CPSEs, had achieved 67% of their FY20 capex target of ₹93,639 crore in the first nine months of the last fiscal. The petroleum companies' together have capex plans of ₹98,522 crore for FY21 while Coal India has a capex plan of ₹10,000 crore.

Sitharaman said that better performance of CPSEs can help the economy in a big way to recover from the impact of Covid-19. "While reviewing the performance

of CPSEs, Sitharaman said that capex by CPSEs is a critical driver of economic growth and need to be scaled up for the FY21 and FY22," the finance ministry said in a statement.

FM is holding such review meetings on the performance of capex of CPSEs every month, scoring the urgency to revive economic growth, which is projected by many agencies to contract by 10-15% in FY21. The idea is to soften the blow to the economy from the sharp drop in private investments and slashing of capital expenditures by revenue-starved states.

As reported by FE earlier, while revenue constraints led to a slowing of capital

expenditure by state governments in FY20, the CPSEs owned by it largely held the fort. The combined capital expenditure by the CPSEs with annual capex budgets above ₹500 crore turned out to be ₹4.41 lakh crore or 90% of the target in FY20.

With private investments in the doldrums, gross fixed capital formation (GFCF), which was 31.1% of the gross domestic product (GDP) in FY15, declined to 29.8% in FY20. The fall would have been sharper had the CPSEs not acquitted themselves well. In recent years, public capex has been roughly in the 5:5.5:3.5 ratio among the CPSEs, states (budget) and the Centre (budget).



PORTAL OF OIL PSUS TO PROMOTE AATMANIRBHAR BHARAT

Inspired by the vision of the Honorable Prime Minister for an Aatmanirbhar Bharat, a reliable and scalable portal has been envisaged for all Oil Companies. Based on the theme "Delivering excellence through people", this initiative, taken under the guidance of Honorable Minister of Petroleum & Natural Gas and Steel Sri Dharmendra Pradhan, aims to highlight the Capital goods requirement of Oil & Gas majors besides the items related to Maintenance, Repair, and Overhaul (MRO).

As a Make in India initiative, this web-based-portal will provide opportunities to new entrepreneurs and existing manufacturers to invest and expand their manufacturing base in India. This portal shall also provide real-time data, along with visual indicators in the form of graphs and charts, to facilitate decision making for the apex management and other stakeholders.

To achieve this objective, a special Taskforce, under the leadership of Secretary, MoP&NG, has been formed. This Taskforce comprises of the Chairpersons of various Oil & Gas PSUs (like Indian Oil, EIL, ONGC, GAIL, BPCL, HPCL) and Private Refiners. Engineers India Limited will be leading the development of this portal from concept to commissioning under the guidance of this task force.

The development of the portal is being monitored and reviewed regularly by the Honorable Minister of Petroleum & Natural Gas and Steel. During one such review meeting, held in the morning today, the Minister advised "The proposed portal should provide information on procurements made from Micro/Small Enterprises or from SC/ST/Women entrepreneurs". He further emphasized "The need to develop the portal on a war footing basis to further the cause of a self-reliant India".

"Our main purpose is to make our contractors dream big and contribute towards an AtmaNirbhar Bharat", said Mr. Tarun Kapoor, Secretary, MoP&NG, during a separate webinar for Contractors of Oil & Gas PSUs held today. The Webinar highlighted the features of a dedicated Web Portal for the Vendors.

Under the aegis of the Ministry of Petroleum & Natural Gas, Oil PSUs are regularly holding digital Vendor Meetings with the core theme of Localization. More such Vendor Meets shall be held in the coming months.