

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 50 *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 company¹ 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 (August 2021) in its Public Enterprises Survey 2019-20 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

¹Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

Comptroller & Auditor General of India (CAG) and DPE, there may be difference in number of companies considered as CPSEs by CAG and by DPE.

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 Government companies and Government controlled other companies and gives directions on the manner in which the accounts of such companies 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 2019-20.

1.1.2 What this Report contains

This Report gives an overall picture of the financial performance of the CPSEs 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 2019-20 (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 provisions of the Companies Act, 2013 and guidelines issued by DPE on Corporate Social Responsibility, disinvestment in CPSEs and implementation of Indian Accounting Standards (Ind AS) by non-banking financial companies.

1.1.3 Number of CPSEs

As on 31 March 2020, there were 697 CPSEs under the audit jurisdiction of the CAG. These include 488 Government companies², six Statutory

Government Companies	488
Statutory Corporations	6
Government Controlled other Companies	203
Total CPSEs	697

²488 Government companies include 231 standalone/ holding Government companies and 257 subsidiaries and Joint Ventures (JVs) of holding Government companies.

Corporations³ and 203 Government controlled other companies. Of these, summary of financial performance of 607 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	
		2019-20	2018-19	2017-18		
Government Companies	488	400	17	4	421*	67
Statutory Corporations	6	5	1	0	6	0
Total Companies/ Corporations (A)	494	405	18	4	427	67
Government Controlled other Companies (B)	203	174	5	1	180	23
Total (A+B)	697	579	23	5	607	90

*Out of 421 Government companies, Central Government has direct holding in 193 CPSEs. The remaining 228 CPSEs are subsidiaries and Joint Ventures (JVs) of these 193 CPSEs.

The details of Government companies/ Government controlled other companies which came under/ went out from the purview of CAG's Audit during 2019-20 are given in *Annexure-I*.

This Report does not include 90 CPSEs (including 23 Government controlled other companies) whose accounts were in arrears for three years or more or were defunct/ under liquidation or first accounts were not due. These CPSEs are identified by two asterisks (***) in *Annexure-II A & Annexure-II B*.

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

Summary of financial performance of Government companies and Statutory Corporations covered in this Report

Number of CPSEs	494
CPSEs covered	427
Paid up capital (427 CPSEs)	₹ 6,33,159 crore
Long term loans (427 CPSEs)	₹ 22,66,674 crore
Market capitalisation (58 listed traded Government Companies)	₹ 8,39,970 crore
Net profit (224 CPSEs)	₹ 1,40,976 crore
Net loss (181 CPSEs)	₹ 68,434 crore
Zero profit/ loss (22 CPSEs) ⁴	
Dividend declared (99 CPSEs)	₹ 73,487 crore
Total assets (427 CPSEs)	₹ 56,83,065 crore
Value of production (427 CPSEs)	₹ 22,14,077 crore
Net worth (427 CPSEs)	₹ 16,36,946 crore

1.2 Investment in Government companies and corporations

The amount of equity and loans in 427 Government companies and corporations⁵ as at the end of 31 March 2020 is given in Table 1.2.

⁴Out of 427, there were 22 CPSEs, which earned no profit or incurred no loss during 2019-20 since either operations were not started or losses/ net expenses were adjusted with project cost. The loss of National Highways Authority of India was transferred to its fixed assets as net establishment expenses and loss of Inland Waterways Authority of India was adjusted with its IWAI Fund. Hence, these two Statutory Corporations have also been considered as zero profit/ loss CPSEs.

⁵494 CPSEs – 67 CPSEs whose accounts were in arrears for three years or more or were defunct/ under liquidation or first accounts were not due.

Table 1.2: Equity and loans in Government companies and corporations*(₹ in crore)*

Sources of investment	As on 31.03.2020			As on 31.03.2019		
	Equity	Long term loans	Total	Equity	Long term loans	Total ⁶
1. Central Government	4,52,908	3,04,899	7,57,807	4,04,423	2,83,216	6,87,639
2. Central Government Companies/ Corporations	84,055	51,866	1,35,921	65,911	46,000	1,11,911
3. State Governments/ State Government Companies/ Corporations	32,596	23,039	55,635	29,761	19,647	49,408
4. Financial Institutions and Others	63,600	18,86,870	19,50,470	48,323	14,57,427	15,05,750
Total	6,33,159	22,66,674	28,99,833	5,48,418	18,06,290	23,54,708
Percentage of investment of Central Government to total investment	71.53	13.45	26.13	73.74	15.68	29.20

Source: Audited accounts of CPSEs for the years 2018-19 and 2019-20

It was observed that the overall investment in the Government companies and corporations increased by ₹5,45,125 crore (23.15 per cent) during 2019-20 as compared to 2018-19, which included increase of ₹84,741 crore in equity and increase of ₹4,60,384 crore in long term loans.

1.2.1 Equity holding

During 2019-20, the total equity holding at face value in the 427 CPSEs covered in this Report registered a net increase of ₹84,741 crore. The equity holding of Central Government at face value in CPSEs has increased by ₹48,485 crore⁷ during 2019-20. Increase of ₹48,485 crore was the net result of issue of shares having face value of ₹53,739 crore in 37 CPSEs and disinvestment and buy back of shares having face value of ₹5,254 crore in 24 CPSEs⁸.

⁶ In respect of some CPSEs, previous year provisional figures have been updated with the accounts received.

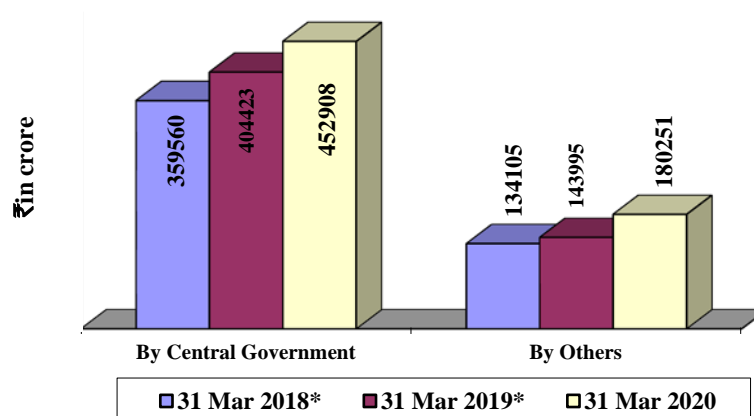
⁷ The provisional figures of 18 CPSEs have been included in this Audit Report on the basis of figures from their last audited accounts as the accounts for the year 2019-20 were not received before the cut-off date (31 December 2020) for preparation of the Report.

⁸ Capital reduced in NEPA Limited due to the Board for Industrial and Financial Reconstruction (BIFR) decisions.

Out of the new equity holding of ₹53,739 crore by Central Government during the year 2019-20, equity holding of ₹52,192 crore was in the form of equity in 33 CPSEs leading to cash inflow to the concerned CPSEs and ₹1,547 crore was in the form of issue of bonus shares in two CPSEs⁹. There was also transfer of assets into equity in two CPSEs¹⁰ not involving cash inflow to the concerned CPSEs. Review in Audit of the purpose of new equity holding of ₹52,192 crore involving cash flow in CPSEs indicated that cash infusion of ₹45,810 crore was for meeting capital items of expenditure in 25 CPSEs, ₹5,600 crore was for meeting both capital and revenue expenditure in two CPSEs¹¹ and ₹782 crore was for meeting revenue items of expenditure in six CPSEs¹².

Holding in equity by Central Government and others¹³ during three years ended 31 March 2020 in Government companies and corporations is depicted in Chart 1.1.

Chart 1.1: Holding in equity in Government companies and corporations



(* Previous years' figures updated during 2019-20 as accounts of that year were received)

Details of investments of more than ₹2,000 crore of the Central Government during 2019-20 in the paid-up capital of the CPSEs is given in Table 1.3.

⁹RITES Limited, GAIL (India) Limited.

¹⁰Hemisphere Properties India Limited, DNH Power Distribution Corporation Limited.

¹¹National High Speed Rail Corporation Limited, ECGC Limited.

¹²India Post Payment Bank Limited, National Scheduled Castes Finance and Development Corporation Limited, National Backward Classes Finance and Development Corporation Limited, National Handicapped Finance and Development Corporation Limited, National Minorities Development and Finance Corporation Limited, National Safai Karmachari Finance and Development Corporation Limited.

¹³Others include Central Government companies/ corporations, State Governments, State Government companies/ corporations and financial institutions etc.

Table 1.3: More than ₹2,000 crore investment of the Central Government

(₹ in crore)

Name of the CPSEs	Name of the Ministry	Amount
Statutory Corporations		
National Highways Authority of India	Road Transport & Highways	25,381
Government Companies		
India Infrastructure Finance Company Limited	Finance	5,798
National High Speed Rail Corporation Limited	Railways	5,100
Dedicated Freight Corridor Corporation Limited	Railways	3,308
Indian Railway Finance Corporation Limited	Railways	2,500
National Insurance Company Limited	Finance	2,400
Higher Education Financing Agency	Finance	2,100

1.2.2 Loans given to Government companies and corporations

1.2.2.1 Computation of long term loans outstanding as on 31 March 2020

The total long term loans outstanding in 185 CPSEs out of 427 Government companies and Corporations from all sources as on 31 March 2020 was ₹22,66,674 crore. During 2019-20, the long term loans of Government Companies and Corporations registered an increase of ₹4,60,384 crore. Out of the total loans of 185 CPSEs as on 31 March 2020, loans from Central Government was ₹3,04,899 crore, out of which, loans of ₹22,742 crore pertained to 2019-20 in 22 CPSEs.

Long term loans registered an increase in 18 CPSEs¹⁴ out of these 22 CPSEs during 2018-19 as well as in 2019-20. Out of 18 CPSEs, 11 CPSEs were given loans during both the years. 10 CPSEs¹⁵ 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

¹⁴National Highways Authority of India, Power Finance Corporation Limited, Rural Electrification Corporation Limited, Nuclear Power Corporation of India Limited, Delhi Metro Rail Corporation Limited, Bharat Gold Mines Limited, Kolkata Metro Rail Corporation Limited, Nagpur Metro Rail Corporation Limited, Bangalore Metro Rail Corporation Limited, Mangalore Refinery and Petrochemicals Limited, NHPC Limited, India Renewable Energy Development Agency Limited, National Bicycle Corporation of India Limited, Damodar Valley Corporation, Chennai Metro Rail Limited, Kochi Metro Rail Limited, North Eastern Handicrafts and Handlooms Development Corporation Limited, North Eastern Electric Power Company Limited.

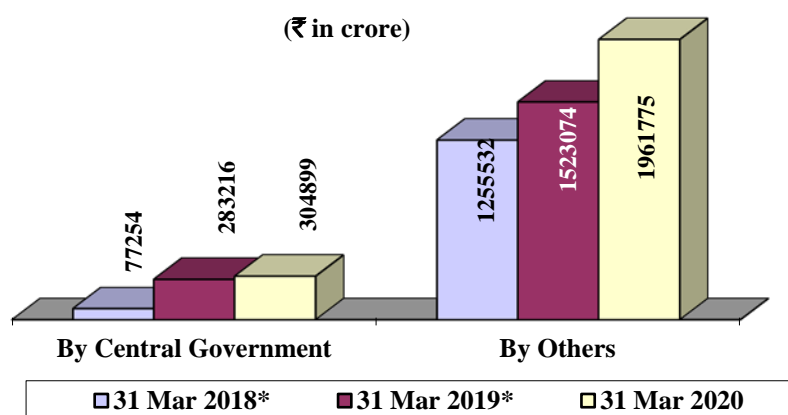
¹⁵National Highways Authority of India, Rural Electrification Corporation Limited, Nuclear Power Corporation of India Limited, Delhi Metro Rail Corporation Limited, Kolkata Metro Rail Corporation Limited, Nagpur Metro Rail Corporation Limited, Bangalore Metro Rail Corporation Limited, NHPC Limited, Damodar Valley Corporation, Chennai Metro Rail Limited.

administrative expenses. In case of remaining seven 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 17 out of 18 CPSEs have not repaid principal amount of loan/ interest on loan during 2019-20 while one CPSE (Nuclear Power Corporation of India Limited) repaid loan of ₹730 crore during 2019-20.

Year wise details of outstanding long term loans of Government companies and corporations (by Central Government and others¹⁶) is depicted in Chart 1.2.

Chart 1.2: Long term loans outstanding in Government companies and corporations



(*Previous years' figures updated during 2019-20 as accounts of that year were received)

Out of 427 CPSEs, 242 CPSEs (including one Statutory Corporation i.e., Central Warehousing Corporation) did not have any long term loan as on 31 March 2020.

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 185 CPSEs which had outstanding loans as on 31 March 2020 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
		(₹ in crore)				(₹ in crore)		
Statutory Corporations	5	4,27,064	8,50,614	199.18				

¹⁶ Others include Central Government companies/ corporations, State Governments, State Government companies/ corporations and financial institutions etc.

Listed Companies	38	11,60,424	27,59,587	237.81	1	238	87	36.55
Unlisted Companies	122	6,56,203	13,78,399	210.06	19	22,745	4,290	18.86
Total	165	22,43,691	49,88,600		20	22,983	4,377	

Out of the 185 CPSEs, in respect of 20 CPSEs, the value of total assets was less than the loans outstanding (*Annexure-III*).

1.2.2.3 Interest Coverage Ratio

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 2017-18 to 2019-20 are given in Table 1.5.

Table 1.5: Interest Coverage Ratio

Year	Interest (₹ in crore)	Earnings before interest & tax (₹ in crore)	No. of CPSEs	No. of CPSEs having ICR \geq 1	No. of CPSEs having ICR<1
Statutory Corporations					
2017-18	11,833.26	14,812.69	5	2	3
2018-19	2,774.34	4,773.15	5	1	4
2019-20	2,842.59	(-)42,389.9	5	2	3
Listed Government Companies					
2017-18	63,824.23	1,80,205.34	39	29	10
2018-19	69,154.74	1,79,614.90	39	31	8
2019-20	45,061.56	1,30,174.92	39	25	14
Unlisted Government Companies					
2017-18	20,836.30	21,481.70	123	54	69
2018-19	24,420.86	17,699.80	128	52	76
2019-20	28,633.39	4,689.75	141	48	93

It was observed that the number of CPSEs with ICR equal to or more than one has decreased in case of listed and unlisted Government Companies during 2019-20, compared to the previous year. In respect of eight CPSEs¹⁷, the interest payable on long term loans

¹⁷Manipur State Drugs and Pharmaceuticals Limited, 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, Birds Jute and Exports Limited.

was higher than the value of their total assets as on 31 March 2020, 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 2020, interest amounting to ₹6,110.42 crore was outstanding on long term loans of 15 CPSEs provided by Central Government. The age wise analysis of interest outstanding on Central Government loans in CPSEs is depicted in Table 1.6.

Table 1.6: Interest outstanding on Central Government loans

(₹ in crore)

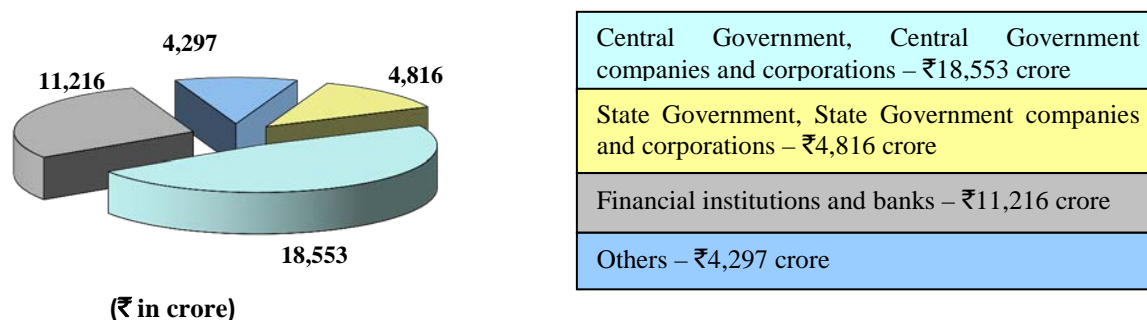
Sl. No.	Name of the CPSE	Outstanding interest on Central Government loans	Interest on Central Government loans outstanding for less than 1 year	Interest on Central Government loans outstanding for 1 - 3 years	Interest on Central Government loans outstanding for more than 3 years
1	Bengal Chemicals and Pharmaceuticals Limited	86.22	0.59	20.32	65.31
2	Bharat Pumps and Compressors Limited	52.70	17.37	35.33	0.00
3	Birds Jute and Exports Limited	63.05	3.84	11.48	47.73
4	Cement Corporation of India Limited	123.85	0.00	0.00	123.85
5	Heavy Engineering Corporation Limited	48.13	10.53	27.45	10.15
6	Hindustan Insecticides Limited	32.96	4.70	14.09	14.17
7	HMT Machine Tools Limited	262.96	58.61	158.15	46.20
8	Hindustan Salts Limited	23.35	4.00	11.06	8.29
9	NEPA Limited	165.65	26.81	138.84	0.00
10	NHPC Limited	69.71	69.71	0.00	0.00
11	Dedicated Freight Corridor Corporation Limited	2,182.50	966.98	864.19	351.33
12	The Fertilizer and Chemicals Travancore Limited	717.05	239.02	478.03	0.00
13	Bharat Gold Mines	1,500.10	127.61	125.11	1,247.38

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
	Limited				
14	Hindustan Organic Chemicals Limited	244.68	56.02	103.92	84.74
15	National Textile Corporation Limited	537.51	46.84	140.51	350.16
	Total	6,110.42	1,632.63	2,128.48	2,349.31

1.2.3 Investment in Government controlled other companies

The capital invested by the Central Government, State Government and Central/ State companies/ corporations in 180 Government controlled other companies¹⁸ during the year 2019-20 is depicted in Chart 1.3.

Chart 1.3: Composition of share capital in Government controlled other companies



As on 31 March 2020, equity in these Government controlled other companies was ₹38,882 crore. The equity in Government controlled other companies increased by ₹1,937 crore in 2019-20.

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 2020, shares of 70 Government companies consisting of 56 Government companies including two newly listed Government companies¹⁹, seven

¹⁸203- 23 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.

¹⁹Indian Railway Catering and Tourism Corporation Limited, Rail Vikas Nigam Limited.

subsidiaries²⁰ of Government companies and seven Government controlled other companies²¹ were listed on the various stock exchanges in India.

In respect of 54 (56-2 newly listed Government companies) listed Government companies, shares of 52 companies were traded and shares of two companies²² were not traded during 2019-20. In respect of seven subsidiaries of Government companies, shares of six subsidiaries were traded and shares of one subsidiary (Eastern Investments Limited) were not traded.

The total market value of shares of 58 traded listed Government companies²³ (including six subsidiary companies) stood at ₹8,39,970 crore (equity investment being ₹88,194 crore) as on 31 March 2020 as compared to ₹14,41,435 crore as on 31 March 2019. The total market value of shares of these 58 CPSEs decreased by ₹6,01,465 crore (41.73 per cent) as on 31 March 2020. The top three sectors with maximum market capitalization were Petroleum and Natural Gas (₹3,14,073 crore), Power (₹2,36,525 crore) and Coal (₹92,379 crore). Increase in market value of shares was not witnessed in any sector, whereas highest decrease in market value of shares was observed in Urban Development sector (75.34 per cent) followed by Heavy Industries and Public Enterprises sector (70.22 per cent) and Commerce and Industry sector (59.42 per cent). The market value of shares of 52 listed Government companies (excluding six subsidiary companies) stood at ₹7,87,152 crore as on 31 March 2020, out of which, the market value of shares held by the Central Government amounted to ₹4,75,542 crore.

During this period, S&P BSE Sensex²⁴ decreased by 23.80 per cent from 38,672.91 as on 31 March 2019 to 29,468.49 as on 31 March 2020. S&P BSE-CPSE Index²⁵ decreased by 39.70 per cent from 1,468.92 as on 31 March 2019 to 885.74 as on 31 March 2020.

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 1.4.

²⁰*Balmer Lawrie and Company Limited, Chennai Petroleum Corporation Limited, Hindustan Fluorocarbons Limited, Hindustan Petroleum Corporation Limited, Mangalore Refinery and Petrochemicals Limited, Rural Electrification Corporation Limited, Eastern Investments Limited.*

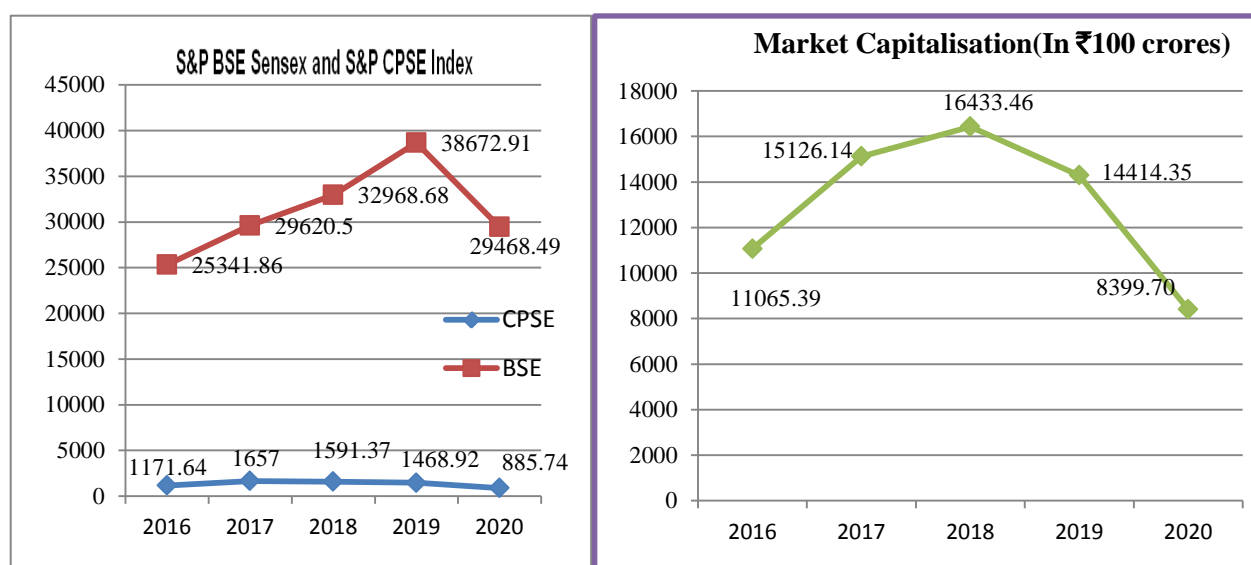
²¹*Dredging Corporation of India Limited, Indbank Merchant Banking Services Limited, The Bisra Stone Lime Company Limited, Tamil Nadu Telecommunication Limited, Indbank Housing Limited, The Orissa Minerals Development Company Limited, PNB Gilts Limited.*

²²*Hindustan Cables Limited, Hindustan Photo-films (Manufacturing) Company Limited.*

²³*58= 52 listed traded Government companies+ 6 listed traded subsidiary Government companies.*

²⁴*S&P BSE SENSEX is a benchmark index of 30 constituent stocks representing a sample of large, liquid and representative companies.*

²⁵*S&P BSE CPSE Index measures the performance of CPSEs listed at BSE.*

Chart 1.4: Trend of market capitalisation vis-à-vis S&P BSE Sensex and CPSE Index

It was observed that the trend of market capitalisation of these traded listed CPSEs during 2015-16 to 2017-18 was same when compared to S&P BSE Sensex and S&P BSE-CPSE Index. In 2018-19, the market value of shares of these CPSEs decreased by 12.29 per cent (from ₹16,43,346 crore to ₹14,41,435 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 BSE-CPSE Index decreased by 7.69 per cent (from 1,591.37 to 1,468.92) during the same period. In 2019-20, declining trend was observed in market capitalisation in both the indices.

The market value of shares of six subsidiary Government companies, the shares of which were traded during 2019-20, stood at ₹52,818 crore as on 31 March 2020. The total market value of shares in these six subsidiary Government companies decreased by ₹39,834 crore as on 31 March 2020 as compared to 31 March 2019.

The top 10 CPSEs with highest market capitalisation as on 31 March 2020 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	Coal India Limited	86,278
2	Oil and Natural Gas Corporation Limited	85,923
3	NTPC Limited	83,312
4	Power Grid Corporation of India Limited	83,182
5	Indian Oil Corporation Limited	76,867
6	Bharat Petroleum Corporation Limited	68,559
7	GAIL (India) Limited	34,676
8	Hindustan Petroleum Corporation Limited	28,975

Sl. No.	Name of the CPSE	Market Capitalisation
9	NMDC Limited	24,495
10	Power Finance Corporation Limited	24,328

There was an increase in the market capitalisation in respect of three Government companies out of 58 listed Government companies as on 31 March 2020. 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 2020

(₹ in crore)

Sl. No.	Name of the CPSE	Market capitalisation as on 31.03.2019	Market capitalisation as on 31.03.2020	Difference in capitalisation
1	RITES Limited	5,181.00	6,148.75	967.75
2	Mishra Dhatu Nigam Limited	2,642.43	3,350.58	708.15
3	Garden Reach Shipbuilders and Engineers Limited	1,116.31	1,568.79	452.48

1.3 Returns from the CPSEs

1.3.1 Profit earned by CPSEs

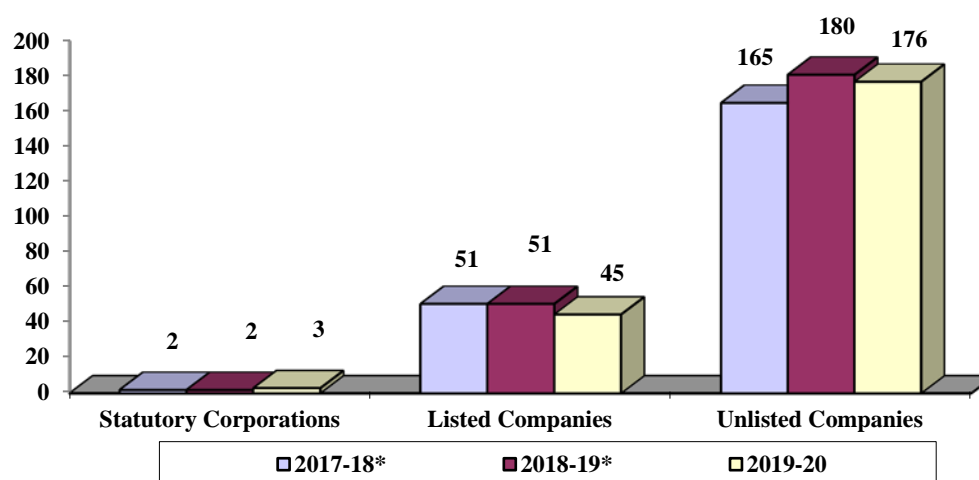
The number of Government companies and corporations that earned profit was 224 in 2019-20 as compared to 233 in 2018-19 (23 CPSEs added and 32 CPSEs excluded). Out of these 23 CPSEs (*Annexure-IV*), 3 CPSEs were new and reported profit in first year of their operation and 20 CPSEs reported profit after incurring net loss in the previous year. Only 8 out of 20 CPSEs reported profit due to operational profit²⁶. In case of 32 CPSEs (*Annexure-V*) that suffered losses after earning profit in the previous year, 27 CPSEs suffered loss mainly due to operational loss.

The profit earned decreased to ₹1,40,976 crore in 2019-20 from ₹1,77,758 crore in 2018-19. Accordingly, the Return on Equity (ROE) of 224 CPSEs was 15.31 per cent in 2019-20 as compared to 18.69 per cent of 233 CPSEs in 2018-19. ROE in all the 425 Government companies and corporations²⁷ i.e. including 181 loss making and 22 zero profit/ loss companies was 7.53 per cent in 2019-20. Number of CPSEs that earned profit during the period from 2017-18 to 2019-20 is depicted in Chart 1.5.

²⁶Total Income excluding other income less expenses.

²⁷Excluding National Highways Authority of India and Inland Waterways Authority of India which have been considered as zero profit/ loss CPSEs as their losses are adjusted as given in footnote 4.

Chart 1.5: Number of profit earning CPSEs



(*Previous years' figures updated during 2019-20 when accounts of that year were received)

The details of top three sectors, which contributed maximum profit during 2019-20 are summarised in Table 1.9.

Table 1.9: Top 3 sectors which contributed maximum profit during the year 2019-20

Sector	No. of profit earning CPSEs	Net profit earned (₹ in crore)	Percentage of profit to total CPSE profit
Power			
Listed Government Companies	4	25,583	18.14
Unlisted Government Companies	33	7,763	5.51
Statutory Corporations	1	185	0.13
Sub-total (A)	38	33,531	23.78
Petroleum			
Listed Government Companies	6	29,283	20.77
Unlisted Government Companies	8	2,904	2.06
Sub-total (B)	14	32,187	22.83
Coal and Lignite			
Listed Government Companies	2	12,695	9.00
Unlisted Government Companies	6	16,898	11.98
Sub-total (C)	8	29,593	20.98
Total (A+B+C)	60	95,311	67.61

Net profit of ₹95,311 crore constituting 67.61 per cent of total profit of Government companies and corporations was contributed by 60 CPSEs in 2019-20 as compared to 73.06 per cent in 2018-19 in these three sectors.

Net profit of ₹41,472 crore was contributed by 29 CPSEs, which functioned in defence, coal, atomic energy and space sectors, which were not open to market competition. This constituted 29.42 *per cent* of total profit of ₹1,40,976 crore in all 224 CPSEs during 2019-20. ROE of these 29 CPSEs in 2019-20 was 42.29 *per cent* as compared to 12.09 *per cent* in 195 CPSEs functioning in competitive environment.

The list of Government companies which earned profit of more than ₹5,000 crore during the year 2019-20 is given in Table 1.10.

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

(₹ in crore)

Sl. No.	Name of the CPSE	Net Profit
1	Oil and Natural Gas Corporation Limited	13,445
2	Coal India Limited	11,281
3	Power Grid Corporation of India Limited	10,811
4	NTPC Limited	10,113
5	GAIL (India) Limited	6,621
6	Mahanadi Coalfields Limited	6,427
7	Power Finance Corporation Limited	5,655
Total		64,353

It may be seen that these seven CPSEs contributed 45.65 *per cent* of the total profit earned by 224 CPSEs during 2019-20.

Of the 180 Government controlled other companies, 124 CPSEs earned profit of ₹10,369 crore during the year ended 31 March 2020, which was an increase of ₹1,258 crore (13.81 *per cent*) as compared to profit of ₹9,111 crore earned by such 123 CPSEs in 2018-19. Accordingly, ROE of 124 CPSEs was 21.92 *per cent* in 2019-20 as compared to 20.33 *per cent* of 123 CPSEs in 2018-19. ROE in all the 180 Government controlled other companies was 19.26 *per cent* in 2019-20.

The profit earned by Government companies decreased by ₹36,782 crore (20.69 *per cent*) during 2019-20 from ₹1,77,758 crore in 2018-19 to ₹1,40,976 crore in 2019-20, whereas profit earned by Government controlled other companies increased by ₹1,258 crore (13.81 *per cent*) during 2019-20 from ₹9,111 crore in 2018-19 to ₹10,369 crore in 2019-20.

1.3.2 Loss incurred by CPSEs

There were 181 Government companies that incurred losses during the year 2019-20. Out of these 181 loss making companies, 115 CPSEs have incurred losses for 3 to 5 years in last 5 years whereas 64 CPSEs have incurred losses continuously for 5 years. The losses incurred by CPSEs increased to ₹68,434 crore in 2019-20 from ₹40,835 crore in 2018-19 as given in Table 1.11.

Table 1.11: Number of CPSEs that incurred losses during 2017-18 to 2019-20

Listed/ Unlisted Year	No of CPSEs incurred loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net worth ²⁸ (₹ in crore)
Statutory Corporations				
2017-18	1	847	0	12,144
2018-19	1	1,115	0	11,370
2019-20	0	0	0	0
Listed Government Companies				
2017-18	12	8,292	40,433	9,146
2018-19	12	5,476	35,149	-18,946
2019-20	18	11,987	39,239	1,20,571
Unlisted Government Companies				
2017-18	130	31,630	89,907	1,33,517
2018-19	136	34,244	90,883	1,10,680
2019-20	163	56,447	1,15,821	1,31,406
Total				
2017-18	143	40,769	1,30,340	1,54,807
2018-19	149	40,835	1,26,032	1,03,104
2019-20	181	68,434	1,55,060	2,51,977

Out of total loss of ₹68,434 crore incurred by 181 CPSEs in 2019-20, loss of ₹2,527 crore was contributed by 21 CPSEs, 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 2019-20.

Table 1.12: CPSEs that incurred losses of more than ₹1,000 crore during 2019-20
(₹ in crore)

Sl. No.	Name of the CPSE	Net loss
1	Bharat Sanchar Nigam Limited	15,500
2	Air India Limited	7,766
3	ONGC Videsh Limited	7,264
4	National Insurance Company Limited	4,111

²⁸Net 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.

Sl. No.	Name of the CPSE	Net loss
5	Rashtriya Ispat Nigam Limited	3,910
6	Mahanagar Telephone Nigam Limited	3,696
7	Lanco Teesta Hydro Power Limited	2,956
8	Mangalore Refinery and Petrochemicals Limited	2,708
9	ONGC Petro Additions Limited	2,090
10	Chennai Petroleum Corporation Limited	2,078
11	Oriental Insurance Company Limited	1,524
12	United India Insurance Company Limited	1,486
13	Bharat Heavy Electricals Limited	1,473
14	ONGC-Mangalore Petrochemicals Limited	1,400

Out of 180 Government controlled other companies, 56 companies incurred loss of ₹1,407 crore during the year 2019-20, which was a decrease of ₹980 crore (41.06 per cent) as compared to loss of ₹2,387 crore incurred by 55 CPSEs in 2018-19.

1.3.3 Erosion of capital in Government companies

As on 31 March 2020 there were 188 Government companies²⁹ with accumulated loss of ₹1,74,596 crore. Of the 188 CPSEs, 140 CPSEs incurred loss in the year 2019-20 amounting to ₹22,203 crore, 48 CPSEs had not incurred loss (including zero profit) in the year 2019-20, even though they had accumulated loss of ₹19,536 crore. 33 out of 188 CPSEs were under winding up/ closure/ liquidation/ strategic disinvestment.

Net worth of 90 out of 188 CPSEs had been completely eroded by accumulated loss and their net worth was either zero or negative. The net worth of these 90 CPSEs was (-) ₹1,15,829 crore against equity investment of ₹49,422 crore in these CPSEs as on 31 March 2020 (*Annexure-VI*). This included seven listed companies whose net worth was (-) ₹39,008 crore against equity investment of ₹6,592 crore. Out of 90 CPSEs, whose capital had been eroded (being zero or negative net worth), 13 CPSEs had earned profit of ₹1,713 crore during 2019-20 (*Annexure-VI*).

In 17 out of 90 CPSEs whose capital had eroded, Government loans outstanding as on 31 March 2020 amounted to ₹6,045 crore. This included two listed companies with outstanding Government loans of ₹937 crore.

Net worth was less than half of their paid up capital in respect of 29 out of 334 CPSEs whose net worth was positive at the end of 31 March 2020, indicating their potential financial sickness. In the overall, net worth of all the 427 Government companies and corporations was ₹16,36,946 crore against their paid up capital of ₹6,33,159 crore.

²⁹Excluding National Highways Authority of India and Inland Waterways Authority of India, which have been considered as zero profit/ loss CPSEs as their losses are adjusted as given in footnote 4.

1.3.4 Dividend payout by CPSEs

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

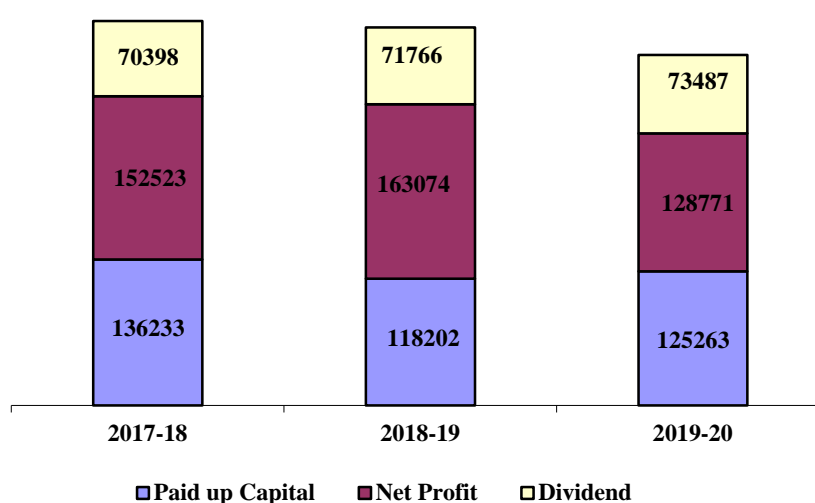
Table 1.13: Profit earned and dividend declared

Category	No. of CPSEs	Paid up capital (₹ in crore)	Net profit (₹ in crore)	Dividend declared (₹ in crore)
Statutory Corporations	2	725	2,357	844
Listed Companies	37	75,364	93,821	55,627
Unlisted Companies	60	49,175	32,593	17,016
Total	99	1,25,264	1,28,771	73,487

Out of 427 Government companies and Corporations, 99 CPSEs declared dividend in 2019-20. The dividend declared as a percentage of net profit of these 99 profit earning CPSEs increased from 44.01 *per cent* in 2018-19 to 57.07 *per cent* in 2019-20. In absolute terms, the dividend declared by the CPSEs in 2019-20 increased by ₹1,721 crore compared to previous year. Chart 1.6 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 1.6: Dividend declared vis-a-vis net profit earned and paid up capital

(₹ in crore)



Out of total dividend of ₹73,487 crore declared by 99 CPSEs for the year 2019-20, dividend received/ receivable by Central Government was ₹34,944 crore (63.66 *per cent* of their total declared dividend of ₹54,890) in 68 CPSEs³⁰ having equity investment of ₹79,680 crore. The return in the form of dividend received/ receivable by Central

³⁰68 CPSEs are out of 199 CPSEs (193 Government companies + 6 Statutory Corporations) where Central Government has direct holding.

Government on aggregate investment of ₹4,52,908 crore made by the Central Government in equity capital of 427 CPSEs was 7.72 per cent as compared to 9.16 per cent during 2018-19. Similarly, 42 CPSEs received ₹18,140 crore as dividend on paid up capital of ₹17,792 crore on the equity holdings in other CPSEs in 2019-20. 13 CPSEs under the Ministry of Petroleum and Natural Gas, declared dividend amounting to ₹26,349 crore which was 35.86 per cent of the total dividend of ₹73,487 crore declared by 99 CPSEs in 2019-20

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, 49 Government companies (including 11 listed CPSEs) had not declared dividend prescribed by the Government as given in *Annexure-VII*. The total shortfall on this account was ₹11,488 crore in 2019-20. (shortfall of ₹8,011 crore during 2018-19 by 36 Government Companies)

Of the 180 Government controlled other companies³¹, 124 CPSEs earned profit of ₹10,369 crore during the year ended 31 March 2020. Out of these 124 companies, 31 declared dividend amounting to ₹1,077 crore which represented 13.41 per cent of their paid up capital of ₹8,032 crore. Sector wise classification of 31 Government controlled other companies which declared dividend during 2019-20 is given in Table 1.14.

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)
Power	6	5,490.29	1,191.8	523.08
Financial Services	15	1,367.46	1,718.58	438.26
Contract & Construction Services	3	448	144.11	72.55
Insurance	2	474.46	471.01	24.79
Transportation Services	1	164	41.43	13.12
Trading and Marketing	1	40.56	16.32	2.84
Tele Communication Services	1	47.24	82.36	2.53
Industrial Development and Technical Consultancy	2	0.43	0.35	0.17
Total	31	8,032.44	3,665.96	1,077.34

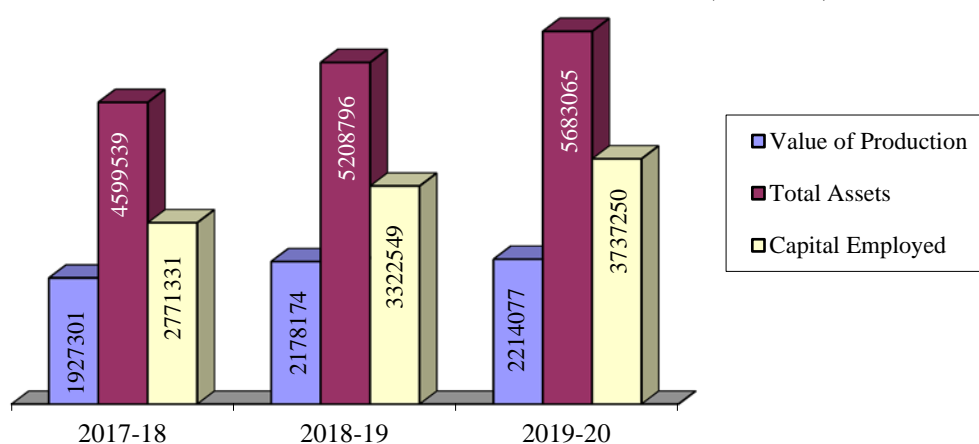
³¹(203-23) Government controlled other companies whose accounts were in arrears for three years or more or were defunct /under liquidation or first accounts were not due.

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 427 Government companies and corporations over a period of three years is depicted in the Chart 1.7.

Chart 1.7: Value of Production, Assets and Capital Employed
(₹ in crore)



There was an increase in the value of production, total assets and capital employed in the year 2019-20 compared to the previous year. CPSE wise details of value of production, total assets and capital employed is given in *Annexure-VIII*.

The value of production, total assets & capital employed in respect of Monopoly³² and Non-monopoly CPSEs for the last three years ending 2019-20 are given in Table 1.15.

Table 1.15: Value of 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
Monopoly CPSEs				
2017-18	59	10,96,052	16,50,650	9,74,232
2018-19	60	13,16,894	19,31,391	12,62,577
2019-20	63	12,50,715	20,63,078	14,07,094
Non-Monopoly CPSEs				
2017-18	340	8,31,249	29,48,889	17,97,099

³²Monopoly 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.

Type / Year	No of CPSEs	Value of production	Total assets	Sum of Capital employed
2018-19	347	8,61,280	32,77,405	20,59,972
2019-20	364	9,63,362	36,19,987	23,30,156
Total				
2017-18	399	19,27,301	45,99,539	27,71,331
2018-19	407	21,78,174	52,08,796	33,22,549
2019-20	427	22,14,077	56,83,065	37,37,250

The value of production in respect of Government companies and corporations increased marginally by ₹35,903 crore (1.65 per cent) during 2019-20 from ₹21,78,174 crore in 2018-19 to ₹22,14,077 crore in 2019-20 whereas total assets and capital employed increased by ₹4,74,269 crore (9.11 per cent) and ₹4,14,701 crore (12.48 per cent) respectively during the same period.

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 employed³³. The CPSE wise details of ROCE are given in *Annexure-IX*. The consolidated ROCE of 425 Government companies and corporations³⁴ during the period from 2017-18 to 2019-20 is given in Table 1.16.

Table 1.16: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in per cent)
2017-18	2,91,064	24,69,196	11.79
2018-19	3,07,096	29,33,856	10.47
2019-20	2,10,823	33,04,146	6.38

A consistent decreasing trend in ROCE of Government companies and corporations was observed during the last three years from 2017-18 to 2019-20. ROCE in the year 2019-20 decreased significantly in comparison to that for the year 2018-19 due to decrease in EBIT and increase in capital employed.

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

³³Capital Employed = Paid up Share capital + Free Reserves and Surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

³⁴Excluding National Highways Authority of India and Inland Waterways Authority of India which have been considered as zero profit/ loss CPSEs as their losses are adjusted as given in footnote 4.

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

Year	Monopoly				Non-monopoly			
	No. of CPSEs	EBIT	Capital employed	ROCE (in per cent)	No. of CPSEs	EBIT	Capital employed	ROCE (in per cent)
		(₹ in crore)				(₹ in crore)		
2017-18	57	1,16,170	6,72,097	17.28	340	1,74,894	17,97,099	9.73
2018-19	58	1,14,218	8,73,884	13.07	347	1,92,878	20,59,972	9.36
2019-20	61	67,689	9,73,990	6.95	364	1,43,134	23,30,156	6.14

It was observed that ROCE of monopoly Government companies and corporations was higher than that of non-monopoly Government companies and corporations during the last three years from 2017-18 to 2019-20. ROCE of monopoly Government companies and corporations decreased significantly in the year 2019-20 in comparison to that for the year 2018-19 mainly due to decrease in EBIT and increase in capital employed.

1.4.3 Return on Equity (ROE) of CPSEs

ROE³⁵ 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 *Annexure-X*. The consolidated ROE of 425 Government companies and corporations during the period from 2017-18 to 2019-20 is given in Table 1.18.

Table 1.18: Return on Equity

Year	Net profit after tax & preference dividend (₹ in crore)	Equity (₹ in crore)	ROE (in per cent)
2017-18	1,24,449	9,02,640	13.79
2018-19	1,35,660	9,63,594	14.08
2019-20	72,182	9,58,191	7.53

It was observed that ROE of 425 Government companies and corporations³⁶ slightly increased in the year 2018-19 in comparison to that for the year 2017-18. However, ROE of Government companies and corporations decreased significantly in the year 2019-20 in comparison to that for the year 2018-19 mainly due to decrease in net profit.

³⁵Return on Equity = (Net Profit after Tax and preference Dividend/ Equity)*100 where Equity = Paid up Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure.

³⁶Excluding National Highways Authority of India and Inland Waterways Authority of India which have been considered as zero profit/loss CPSEs as their losses are adjusted as given in footnote 4.

ROE in respect of Monopoly and Non-monopoly CPSEs is 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 & preference dividend	ROE (in per cent)	No. of CPSEs	Equity	Net profit after tax & preference dividend	ROE (in per cent)
		₹ in crore)				₹ in crore)		
2017-18	57	4,41,820	67,349	15.24	340	4,60,820	57,101	12.39
2018-19	58	4,77,224	68,567	14.37	347	4,86,370	67,093	13.79
2019-20	61	5,07,535	32,779	6.46	364	4,50,656	39,403	8.74

It was observed that ROE of monopoly Government companies and corporations was higher than that of non-monopoly Government companies and corporations during the years 2017-18 and 2018-19, however the same was lower in 2019-20. ROE of monopoly Government companies and corporations decreased significantly in the year 2019-20 in comparison to that for the year 2018-19 mainly due to decrease in net profit but increase in equity.

Sector wise ROE of Government companies and corporations where total equity of the sector is more than ₹10,000 crore during 2019-20 is depicted in Table 1.20.

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

(in per cent)

Sl. No.	Sector	ROE during 2019-20	ROE during 2018-19	ROE during 2017-18
1	Petroleum	3.40	15.99	16.77
2	Power	12.88	13.22	12.95
3	Transportation services	(-)17.65	(-)18.04	(-)5.69
4	Financial services	18.33	24.46	25.96
5	Coal & Lignite	65.40	72.46	43.02
6	Minerals and Metals	10.22	17.95	15.33
7	Insurance	(-)17.19	(-)3.34	8.61
8	Heavy Industry	(-)5.85	3.77	3.68
9	Steel	(-)15.27	16.04	(-)11.73
10	Transport Equipment	22.89	24.87	17.12

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 607 CPSEs covered in this Report, Central Government has direct investment in 193 Government companies. Out of these 193 CPSEs, Audit examined the RORR in respect of 136 CPSEs (54 listed CPSEs and 82 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 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 year³⁷ was adopted as compounded rate for arriving at Present 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 2019-20 has been taken considering the investment of Central Government in these 136 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 136 CPSEs out of 193 CPSEs as data pertaining to 57 CPSEs could not be made available.

³⁷*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.*

Table 1.21: Year wise details of investment by the Central Government and RORR of Government funds from 2000-01 to 2019-20

(₹ 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	5364546.58	1489556.27	63400.00	4053.41	7979.18	12971.39	1543910.7	6908457.23	10.95	7664933.30	756476.07	1754319.79	22.89
2001-02	7664933.30	254920.77	40220.00	0.00	5497.17	0.00	300637.94	7965571.24	9.44	8717521.17	751949.93	2474736.40	28.39
2002-03	8717521.17	184944.74	14232.00	0.00	12745.35	30702.00	181220.09	8898741.26	7.34	9551908.86	653167.61	3134504.81	32.82
2003-04	9551908.86	396703.19	17002.00	0.00	5794.73	113823.88	305676.04	9857584.90	5.71	10420453.00	562868.10	4596203.80	44.11
2004-05	10420453.00	257239.87	5257.41	0.00	60181.50	43291.50	279387.28	10699840.28	6.11	11353600.52	653760.24	5921422.53	52.15
2005-06	11353600.52	240771.33	14340.00	0.00	15357.00	0.00	270468.33	11624068.85	7.34	12477275.50	853206.65	5947656.62	47.67
2006-07	12477275.50	1131714.66	1260.00	0.00	11264.37	0.00	1144239	13621514.53	7.89	14696252.03	1074737.50	7755037.65	52.77
2007-08	14696252.03	541041.15	3003.00	103320.00	46586.96	21605.36	465705.75	15161957.79	8.12	16393108.76	1231150.97	7492522.13	45.71
2008-09	16393108.76	303093.66	4744.00	0.00	13504.66	-23530.01	344872.33	16737981.09	7.69	18025131.83	1287150.75	8044154.81	44.63
2009-10	18025131.83	492352.83	9544.00	0.00	282510.42	104648.87	679758.37	18704890.21	7.23	20057253.77	1352363.56	7789767.80	38.84
2010-11	20057253.77	386934.55	53401.00	0.00	63809.00	156826.44	347318.11	20404571.88	7.92	22020613.97	1616042.09	7903567.37	35.89
2011-12	22020613.97	466996.54	34588.00	8521.12	804.84	26759.64	467108.62	22487722.59	8.52	24403676.55	1915953.96	8215620.57	33.67
2012-13	24403676.55	613941.07	34309.00	0.00	16254.35	138186.71	526317.72	24929994.27	8.36	27014141.79	2084147.52	10254405.08	37.96
2013-14	27014141.79	467331.91	41445.00	0.00	45788.49	190978.68	363586.72	27377728.51	8.45	29691146.57	2313418.06	11106790.13	37.41
2014-15	29691146.57	316386.45	37670.00	0.00	24575.27	84328.65	294303.07	29985449.64	8.51	32537211.40	2551761.76	9173665.54	28.19
2015-16	32537211.40	611725.59	47271.00	23101.14	67276.89	150870.99	552301.35	33089512.76	7.89	35700275.31	2610762.56	9974233.20	27.94
2016-17	35700275.31	987201.29	84785.00	10177.52	77374.16	294662.44	844520.49	36544795.80	7.16	39161403.18	2616607.38	9655471.95	24.66
2017-18	39161403.18	1048132.62	117658.00	0.00	102538.18	166117.90	1102210.9	40263614.08	6.97	43069987.98	2806373.90	10915455.21	25.34
2018-19	43069987.98	1179466.25	112440.00	0.00	373538.86	416793.06	1248652	44318640.02	7.78	47766630.22	3447990.19	10867778.87	22.75
2019-20	47766630.22	2049857.83	30952.00	0.00	1036467.90	640444.77	2476833	50243463.18	6.85	53685140.41	3441677.23	6270654.20	11.68
							13739028	449826100.1					

RORR has shown an increasing trend till 2004-05 and it peaked to 52.77 per cent in 2006-07 after which it started to decline and ranged between 27.94 per cent and 11.68 per cent during the last five years from 2015-16 to 2019-20.

Table 1.22: Consolidated RORR on Central Government investment for the year 2019-20

	Investment by the Central Government since inception till 2019-20 (₹ in lakh)	Return on Central Government investment on the basis of historical value (in per cent)	Present value of Central Government investment at the end of 2019-20 (₹ in lakh)	RORR on Central Government investment considering the present value of investments (in per cent)
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
62,70,654	1,91,03,575 (1,37,39,028+53,64,547)	32.82	5,36,85,140	11.68

The company wise RORR for the last three years is given in *Annexure-XI*.

A perusal of the same would reveal that while listed companies have given RORR between 53.43 per cent and 33.59 per cent during the last three years, the unlisted CPSEs have given negative returns ranging between (-)2.52 per cent and (-)7.46 per cent during the last three years from 2017-18 to 2019-20.

RORR on the investment of Central Government was compared with return on the basis of historical value of investment for 136 listed and unlisted CPSEs under the category of monopoly and non-monopoly companies. The results for the year 2019-20 are given in Table 1.23.

Table 1.23: RORR on Central Government investment for monopoly and non-monopoly CPSEs for the year 2019-20

	Total Earnings/ Loss in 2019-20 (₹ in lakh)	Investment by the Central Government since inception till 2019-20 (₹ in lakh)	Return on Central Government investment on the basis of historical value (in per cent)	Present value of Central Government investment at the end of 2019-20 (₹ in lakh)	RORR on Central Government investment considering the present value of investments (in per cent)
Listed Monopoly CPSEs	27,66,290	12,19,366	226.86	28,36,956	97.51
Listed Non-monopoly CPSEs	56,41,107	54,88,798	102.77	2,21,91,506	25.42

	Total Earnings/ Loss in 2019- 20 (₹ in lakh)	Investment by the Central Government since inception till 2019-20 (₹ in lakh)	Return on Central Government investment on the basis of historical value (in per cent)	Present value of Central Government investment at the end of 2019-20 (₹ in lakh)	RORR on Central Government investment considering the present value of investments (in per cent)
Consolidated Listed	84,07,397	67,08,164	125.33	2,50,28,462	33.59
Unlisted Monopoly CPSEs	(-94,350)	50,46,063	(-1.87)	83,67,860	(-1.13)
Unlisted/ Non- monopoly CPSEs	(-20,42,394)	73,49,347	(-27.79)	2,02,88,818	(-10.07)
Consolidated Unlisted	(-21,36,743)	1,23,95,410	(-17.24)	2,86,56,678	(-7.46)

It was observed that the RORR of listed CPSEs was higher than that of unlisted CPSEs. Overall, RORR of monopoly CPSEs was higher than that of non-monopoly CPSEs. The CPSE wise comparison of Return on Central Government investment on the basis of historical value with RORR of 54 listed CPSEs is given in *Annexure-XII*. It was observed that RORR was lower in comparison to Return on Central Government investment on the basis of historical value in respect of 52 CPSEs out of 54 listed CPSEs. The other two CPSEs where RORR was higher in comparison to Return on Central Government investment on the basis of historical value were MOIL Limited and Bharat Electronics Limited since disinvestment proceeds were higher than the historical value of investments made by the Central Government.

1.4.5 Return on Investment (ROI) of Listed CPSEs

Return on Investment (Annual Average Rate)³⁸ of 54 CPSEs which are listed on the Stock Exchange 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:

³⁸ $\{(Government's\ share\ of\ the\ Market\ Capitalization\ of\ the\ company\ as\ at\ 31\ March\ of\ FY + Present\ Value\ of\ Dividend\ Receipts\ of\ the\ Government\ as\ at\ 31\ March\ of\ FY + Present\ Value\ of\ Disinvestment\ Receipts\ of\ the\ Government\ as\ at\ 31\ March\ of\ FY) - (Paid-up\ Equity\ of\ the\ Government\ as\ at\ Inception + Discounted\ Value\ of\ Equity\ infused\ by\ the\ Government\ as\ at\ Inception + Discounted\ Value\ of\ Subsidy/Grants\ infused\ for\ meeting\ Operational\ and\ Administrative\ Expenditure\ as\ at\ Inception)\} / (Paid-up\ Equity\ of\ the\ Government\ as\ at\ Inception + Discounted\ Value\ of\ Equity\ infused\ by\ the\ Government\ as\ at\ Inception + Discounted\ Value\ of\ Subsidy/Grants\ infused\ for\ meeting\ Operational\ and\ Administrative\ Expenditure\ as\ at\ Inception) * 100 / Number\ of\ intervening\ annual\ periods.$

- 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 Rate³⁹ (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.

³⁹*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 and ROI (Annual Average Rate) and ROI (CAGR) during 2000-01 to 2019-20

(₹ 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	$((r-n)/n)/g*100$	$((p/n)^{1/g}-1)*100$
2000-01	1123309	41010	0	260949	12792	1	0.1095	1.1095	41010	0	53830	1098066	1164319	3698737	4850633	316.61	316.61
2001-02	1111402	8615	0	353168	0	2	0.0944	1.0944	7765	0	0	1339450	1160177	5141421	7632766	278.95	156.50
2002-03	1120424	4981	0	648409	0	3	0.0734	1.0734	4102	0	0	2247074	1173301	5515692	10254111	257.98	105.98
2003-04	1120424	38649	384	683554	1216976	4	0.0571	1.0571	29653	295	3929063	2206885	1203249	14046223	24920591	492.78	113.33
2004-05	1901679	22550	59110	1154740	268407	5	0.0611	1.0611	16367	42902	819757	3526754	2043773	23016293	38237172	354.18	79.64
2005-06	1901679	13578	2000	1134864	0	6	0.0734	1.0734	9287	1368	0	3266469	2054428	36851808	55339156	432.28	73.14
2006-07	2004724	151848	9277	1334669	0	7	0.0789	1.0789	96763	5912	0	3578876	2260148	38702557	60768781	369.82	60.04
2007-08	2387346	26085	39652	1429807	99482	8	0.0812	1.0812	15406	23420	247250	3553606	2681596	78860843	104727922	475.68	58.11
2008-09	2387346	68391	13180	1340456	0	9	0.0769	1.0769	37360	7200	0	3081330	2726157	57815312	86763722	342.52	46.88
2009-10	3526595	125038	282000	1571232	2267040	10	0.0723	1.0723	63428	143050	4839156	3353905	4071883	100640308	137781778	328.37	42.21
2010-11	4480096	225217	18000	2065446	2214954	11	0.0792	1.0792	106543	8515	4409191	4111573	5140442	117267448	162929682	279.05	36.92
2011-12	4480096	8671	0	2540757	1389405	12	0.0852	1.0852	3801	0	2562837	4686572	5144243	88476618	141388261	220.71	31.80
2012-13	4592296	49199	13000	2785930	2404814	13	0.0836	1.0836	19873	5251	4087558	4735356	5281568	71191349	132925906	185.91	28.16
2013-14	4592296	73364	0	3752151	1423613	14	0.0845	1.0845	27348	0	2233086	5885639	5308916	66214638	136067920	175.93	26.07
2014-15	4595911	19200	16500	2855537	2432259	15	0.0851	1.0851	6600	5671	3517982	4130206	5324802	80797181	158298652	191.52	25.38
2015-16	4595911	12003	55202	3369753	1850317	16	0.0789	1.0789	3802	17486	2466381	4491714	5346090	64959270	149418836	168.43	23.14
2016-17	4595911	477947	60881	3649950	2952040	17	0.0716	1.0716	140327	17875	3647163	4509410	5504291	87475931	180092070	186.58	22.77
2017-18	4967158	431016	55437	3736271	4344269	18	0.0697	1.0697	118092	15189	5008606	4307631	6008819	96830604	198762980	178.21	21.46
2018-19	5002984	71324	368453	3421956	4031110	19	0.0778	1.0778	18269	94373	4344730	3688184	6157288	78761971	188727261	156.06	19.74
2019-20	5223730	175698	697555	2987694	1243307	20	0.0685	1.0685	41754	165770	1431829	3440716	6585557	49331450	164169285	119.64	17.45

ROI (Annual Average Rate) indicates a continuous declining trend since 2007-08 as it was 475.68 per cent in 2007-08, which has reduced to 119.64 per cent in 2019-20.

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 2017-18 to 2019-20

(in per cent)

	ROI (Average Annual Rate)			ROI (CAGR)		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Listed Monopoly CPSEs	544.37	504.81	404.64	29.08	27.22	24.64
Listed Non-monopoly CPSEs	137.37	117.58	88.04	19.77	18.03	15.74

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 2017-18 to 2019-20

(in per cent)

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
1.	Bharat Heavy Electricals Limited	726.42	677.61	453.85	31.15	29.19	25.35
2.	Engineers India Limited	603.63	522.44	428.42	29.82	27.45	25
3.	Power Finance Corporation Limited	187.35	196.58	162.91	30.08	28.69	25.41
4.	GAIL (India) Limited	430.84	421.7	206.89	27.43	26.03	20.6
5.	Housing and Urban Development Corporation Limited	501.95	159.15	50.43	501.95	104.52	35.95
6.	IFCI Limited	28.39	15.7	1.47	18.03	11.17	1.4
7.	Indian Oil Corporation Limited	411.3	386.65	292.48	27.11	25.47	22.67
8.	MOIL Limited	628.8	523.35	423.92	63.59	53.78	45.79
9.	National Fertilizers Limited	56.91	47.29	38.4	14.39	12.87	11.41
10.	NHPC Limited	35.63	30.97	26.03	17.31	15.14	13.07
11.	NTPC Limited	203.61	188.55	152.5	27.35	25.25	22.41

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
12.	Power Grid Corporation of India Limited	179.4	119.75	92.68	31.73	25.57	21.85
13.	Scooter India Limited	31.42	18.09	10.1	11.1	8.16	5.68
14.	SJVN Limited	51.67	39.51	34.86	22.69	18.35	16.2
15.	NMDC Limited	2160.74	2011.28	1822.96	39.3	36.76	34.32
16.	Bharat Electronics Limited	1807.48	1339.2	1159.27	37.93	33.88	31.33
17.	Bharat Dynamics Limited	3679.36	1449.87	743.7	3679.36	447.7	185.66
18.	BEML Limited	725.69	675.53	364.76	31.14	29.17	24.01
19.	Balmer Lawrie Investment Company Limited	387.52	382.84	329.69	29.56	27.96	25.58
20.	Container Corporation of India Limited	1646.53	1642.45	1152.43	37.22	35.32	31.29
21.	HMT Limited	14.37	13.01	7.53	7.35	6.77	4.7
22.	Bharat Petroleum Corporation Limited	764.33	702.81	606.43	31.52	29.43	27.17
23.	Oil and Natural Gas Corporation Limited	662.63	615.66	578.04	30.49	28.54	26.86
24.	KIOCL Limited	2104.56	677.5	185.22	2104.56 ⁴⁰	281.44	87.17
25.	Mishra Dhatu Nigam Limited	NA ⁴¹	1335.72	867.76	NA	1335.72	328.43
26.	New India Assurance Company Limited	14449.39	4477.51	2090.2	14449.39	851.58	299.39
27.	General Insurance Corporation of India Limited	15723.81	3203.67	873.53	15723.81	706.68	200.76
28.	Hindustan Aeronautics Limited	11389.47	4047.95	2301.4	11389.47	805.31	312.21

⁴⁰ The market price of the share of the company during 2017-18 was ₹219.15 which reduced to ₹141.65 in 2018-19 and ₹59.40 in 2019-20. Further, 2017-18 was the first year of listing of the company and number of years also gets increased every subsequent year for ROI (Annual Average Rate) and ROI (CAGR) calculation as per Table 1.24. All this resulted in same and high ROI (Annual Average Rate) and ROI (CAGR) calculated during 2017-18 which lowered in subsequent years.

⁴¹ NA denotes that CPSE was not listed in that year but listed in subsequent year.

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
29.	Mahanagar Telephone Nigam Limited	38.34	32.7	28.1	12.17	10.96	9.91
30.	Coal India Limited	638.84	543.59	433.43	63.91	54.42	46.11
31.	Oil India Limited	779.18	627.32	487.94	60.61	51.51	43.87
32.	Steel Authority of India Limited	74.89	63.36	45.95	16.01	14.47	12.31
33.	Andrew Yule and Company Limited	27.47	15.83	3.3	10.41	7.58	2.56
34.	Hindustan Copper Limited	108.69	90.48	61.47	18.29	16.5	13.81
35.	MSTC Limited	NA	1149.25	460.48	NA	1149.25	219.52
36.	National Aluminium Company Limited	183.11	170.51	146.42	21.63	20.28	18.59
37.	Shipping Corporation of India Limited	164.2	141.23	133.96	20.92	19.13	18.09
38.	Rashtriya Chemicals & Fertilisers Limited	60.38	51.31	6.11	14.73	13.31	4.07
39.	Hindustan Organics Chemicals Limited	(-)3.16	(-)3	(-)4.07	(-)4.55	(-)4.35	(-)8.08
40.	Bharat Immunologicals and Biologicals Corporation Limited	5.88	(-)1.03	(-)1.96	4.09	(-)1.14	(-)2.46
41.	ITI Limited	8.6	7.69	3.24	5.33	4.85	2.53
42.	NLC (India) Limited	117.35	127.91	115.9	18.77	18.54	17.27
43.	Cochin Shipyard Limited	5063.7	2139.79	1071.39	5063.7	561.78	221.21
44.	Fertilisers and Chemicals Travancore Limited	37.75	19.53	15.05	12.09	8.5	7.19
45.	Madras Fertilisers Limited	54.88	21.1	3.82	33.7	15.5	3.5
46.	NBCC (India) Limited	1719.19	1005.26	303.27	116.91	83.99	49.73
47.	STC Limited	154.56	146.55	68.13	22.5	21.1	15.44
48.	MMTC Limited	857.41	667.12	393.94	36.08	32.16	26.81
49.	Indian Tourism Development	723.83	389.85	163.9	88.2	61.2	39.22

Sl. No.	CPSE	ROI (Average Annual Rate)			ROI (CAGR)		
		2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
	Corporation Limited						
50.	Garden Reach Shipbuilders & Engineers Limited	NA	648.63	486.7	NA	648.63	227.63
51.	Rail Vikas Nigam Limited	NA	NA	48.41	NA	NA	48.41
52.	Indian Railway Catering and Tourism Corporation	NA	NA	2265.10	NA	NA	2265.10
53.	IRCON International Limited	NA	4285.73	1942.62	NA	4285.73	531.29
54.	RITES Limited	NA	2517.34	1,336.20	NA	2517.34	426.54

It was noticed that there is large variation in ROI (Average Annual Rate) and ROI (CAGR) of CPSEs. The following are the main reasons for large variations:

- Recent listing of the CPSEs;
- Fluctuations in market price of the share of the CPSEs;
- Fluctuations in the amount of dividend and disinvestment receipts by the Central Government from the CPSEs;
- Equity infused and grants/ subsidies given by the Central Government in CPSEs; and
- Number of years during which the funds of Central Government remained invested in the CPSE.

Out of 54 listed CPSEs, five CPSEs⁴² were not listed in 2017-18 whereas two CPSEs⁴³ were listed only during 2019-20. From the review of ROI (Average Annual Rate) and ROI (CAGR) of 54 listed CPSEs, it was observed that ROI (Average Annual Rate) of 44 CPSEs and ROI (CAGR) of 46 CPSEs have reduced during the last three years from 2017-18 to 2019-20.

1.4.6 Performance of listed CPSEs with private companies

The performance of 36 listed CPSEs⁴⁴ 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 2015-16 to 2019-20. The comparison revealed the following results:

⁴²Mishra Dhatu Nigam Limited, MSTC Limited, Garden Reach Shipbuilders & Engineers Limited, IRCON International Limited, RITES Limited.

⁴³Indian Railway Catering and Tourism Corporation Limited and Rail Vikas Nigam Limited were listed on the stock exchange during 2019-20.

⁴⁴Shares 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.

ROE: ROE in 16 out of 36 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during the last five years. (*Annexure-XIII*).

ROCE: ROCE in 17 out of 36 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during the last five years. (*Annexure-XIV*).

Earnings Per Share (EPS): EPS in respect of 29 out of 36 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during the last five years. (*Annexure-XV*).

Price Earnings (P/E) Ratio⁴⁵: P/E Ratio in respect of 28 out of 36 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during the last five years. (*Annexure-XVI*).

ICR: ICR in respect of 17 out of 36 listed CPSEs was on the lower side as compared to private companies with similar nature of business for three or more years during the last five years. (*Annexure-XVII*).

In respect of 10 CPSEs, all the above parameters were less in comparison to private companies in same sector for three or more years. This indicates their lower performance in comparison to private companies with similar nature of business.

1.4.7 Sales and Marketing

During 2019-20, the total sales of 427 Government companies and corporations was ₹24,33,337 crore as compared to ₹24,99,682 crore in 407 CPSEs during 2018-19. Out of these 427 CPSEs, 130 CPSEs sold goods/ rendered services worth ₹2,71,007 crore to Government sector out of their sales of ₹11,58,179 crore. The overall percentage of sales of these 130 CPSEs to the Government sector with reference to their total sales worked out to 23.42 *per cent*.

Out of 427 CPSEs, 65 CPSEs had exported goods/ services worth ₹1,18,997 crore (6.41 *per cent* of their total sales amounting to ₹18,56,711 crore) whereas 58 CPSEs had imported goods/ services worth ₹4,41,564 crore resulting in net import of ₹3,22,567 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.

⁴⁵*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
Monopoly CPSEs				
2017-18	58	12,50,833	58,260	27,135
2018-19	60	14,95,642	46,501	42,995
2019-20	63	14,25,157	50,357	44,308
Non-monopoly CPSEs				
2017-18	332	9,03,889	1,76,977	48,191
2018-19	347	10,04,040	1,98,084	69,915
2019-20	364	10,08,180	2,20,650	74,689
Total				
2017-18	390	21,54,722	2,35,237	75,326
2018-19	407	24,99,682	2,44,585	1,12,910
2019-20	427	24,33,337	2,71,007	1,18,997

Against the total sales of ₹24,33,337 crore by 427 CPSEs, the export sales by 65 CPSEs was 4.89 *per cent* (₹1,18,997 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 2019-20*(₹ in crore)*

Sl. No.	CPSE	Export sales
1	Indian Oil Corporation Limited	21,841
2	Mangalore Refinery and Petrochemicals Limited	20,823
3	ONGC Videsh Limited	12,192
4	Bharat Petroleum Corporation Limited	9,167
5	ONGC Petro Additions Limited	8,220
6	Oil and Natural Gas Corporation Limited	6,289
7	Hindustan Petroleum Corporation Limited	6,203
Total		84,735

The export sales of these seven CPSEs accounted for 71.21 *per cent* of the total export by all the 65 CPSEs.

1.4.8 Research & 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 Research & Development expenditure vis-a-vis patents registered during the last three years.

Table 1.29: Research & Development Expenditure and Patents Registered

2017-18		2018-19		2019-20	
R&D expenditure (₹ in crore)	Patents registered	R&D expenditure (₹ in crore)	Patents registered	R&D expenditure (₹ in crore)	Patents registered
5,320	339	5,435	371	4,816	1,061

It was observed that Research & Development expenditure decreased by ₹619 crore during 2019-20 from ₹5,435 crore in 2018-19 to ₹4,816 crore in 2019-20 whereas patents registered increased by 690 during the same period.

Out of 1,061 patents registered during 2019-20, only 58 patents were commercialised by eight CPSEs and revenue of ₹275.47 crore was earned during 2019-20 as mentioned in the Table 1.30.

Table 1.30: Number of patents commercialised and revenue earned

Sl. No.	CPSE	Total expenditure on R&D (₹ in crore)	Patents registered	Patents commercialised	Revenue earned on commercialisation of patents (₹ in crore)
1	Artificial Limbs Manufacturing Corporation of India Limited	0.53	1	1	0
2	Bharat Petroleum Corporation Limited	92.18	12	4	254.07
3	Electronics Corporation of India Limited	47.43	8	2	0
4	Engineers India Limited	24.31	32	17	1.90
5	Hindustan Petroleum Corporation Limited	257.92	64	17	2.53
6	Indian Oil Corporation Limited	428.04	123	14	0
7	Konkan Railway Corporation Limited	0	1	1	1.19
8	Mishra Dhatu Nigam Limited	7.96	3	2	15.78
	Total	858.37	244	58	275.47

Further, the CPSEs that had incurred Research & Development expenditure of more than ₹500 crore during the year 2019-20 is given in Table 1.31.

Table1.31: CPSEs with R&D Expenditure of more than ₹500 crore

Sl. No.	CPSE	Total R&D expenditure (₹ in crore)	Net profit (₹ in crore)	Percentage of R&D expenditure to net profit
1	Hindustan Aeronautics Limited	1,232	2,832	43.50
2	Bharat Electronics Limited	947	1,794	52.79
3	Oil and Natural Gas Corporation Limited	556	13,445	4.14

It was observed that Hindustan Aeronautics Limited had incurred highest amount of ₹1,232 crore on Research & Development expenditure during 2019-20. Further, number of patents registered and commercialised by the company was nil. Similarly, Bharat Electronics Limited and Oil and Natural Gas Corporation Limited had incurred ₹947 crore and ₹556 crore respectively on Research & Development expenditure during 2019-20 with patents registered being only three and nine respectively. Further, number of patents commercialised by them was nil.

Department of Public Enterprises stated (August 2021) that they have no comments to offer on this Chapter.