

# AIMA PSU SUMMIT-QUEST FOR EXCELLENCE

A CONSUMER CONNECT INITIATIVE

The growth of the Indian PSUs is also the story of the growth of the Indian economy. A stable industry, even in the face of the economic downturn in 2008-09, the PSUs are increasingly contributing to the second fastest growing economy of the world. Playing a very significant role in the process of nation building, the public sector enterprises are today facing challenges from the private players along with the increasing global competition.

In order to discuss the challenges and opportunities for the Indian PSUs, the apex body of professional management in India, the All India Management Association (AIMA) organised the PSU Summit Quest for Excellence: Imperatives for Indian PSUs. Held in New Delhi, the summit was organised in association with Department of Public Enterprises, Government of India and supported by Standing Conference of Public Enterprises (SCOPE).

Speaking at the occasion, Gautam Thapar, President, AIMA and Chairman & CEO, The Avantha Group, said, "The PSUs play a vital role in the process of nation building. A number of challenges face



Gautam Thapar, President, AIMA and Chairman & CEO, The Avantha Group; Arun Maira, Member, (Industry), Planning Commission, Government of India; Bhaskar Chatterjee, Secretary, Department of Public Enterprises and U D Choubey, Director General, Standing Conference of Public Enterprises (SCOPE) at AIMA's PSU Summit on Quest for Excellence: Imperatives for Indian PSUs

## ROBUST AND RELIABLE

The public sector enterprises today have to face tough competition from the private players. To deliberate on how the PSUs can ensure excellence while competing with the world outside, AIMA organised the PSU Summit at New Delhi

them though, in addition to the increasing competition from the private sector."

Talking about the need and importance of having PSUs, Arun Maira, Member, (Industry), Planning Commission, Government of India and Chairman & Managing Director, NTPC Limited, stressed on the need to incorporate change to make an enterprise better. Abhay Kumar

Jain, Chairman & Managing Director, Bharat Pumps and Compressors Ltd, having a corporate personality that's focused on a mission driven management is the one that will succeed in the long run.

Stating the evolving role of a CEO, S Venkatraman, Director (Business Development), GAIL (India) Ltd, said that a CEO of a PSU must be fixed at a minimum of five years. "This must be done

to enable the CEO to work independently," said Narasimhan. Echoing the same, RS Sharma, Former Chairman & Managing Director, ONGC Limited, said, "The multi-layered control over the PSUs make sure that there is complete accountability and transparency in the working of these institutions."

Along with the accountability and autonomy issues, the quality and competitiveness vis-à-vis the human resource

were discussed in great deal. SK Roongta, Managing Director, Vedanta Aluminium and Former Chairman, SAIL was of the view that it is important for the HR managers in the PSUs to spend time in thinking how to evolve a culture in the company that makes people contribute better. Sharing the success stories of their respective organisations, Arunati Bhattacharya, Deputy Managing Director & Corporate Development Officer, State Bank of India; AK Purwaha, Chairman & Managing Director, Engineers India Ltd and Sanjeev Paul, Vice President Corporate Services, Tata Steel illustrated how a performance driven culture is important to enhance competitiveness of people.

NK Jain, Secretary & CEO, The Institute of Company Secretaries of India along with S Gopinath, General Manager, HR, ONGC Ltd, Rana Som, Chairman & Managing Director, NMDC Ltd and Harsh K Jha, Managing Director, Tata Metals stressed on the need for the PSUs to develop a strategy to balance their social objectives with other business objectives to achieve sustainable competitiveness.



"I hope the public sector enterprises in India are the first to open a triple bottom line of accountability on their own, and be transparent."

ARUN MAIRA  
Member, (Industry), Planning Commission, Government of India

## 'PSUs are instruments of government policy'

Operational autonomy is necessary for the PSUs in order to fulfil their strategic objectives, says Bhaskar Chatterjee

What, according to you, are the challenges and opportunities globalisation has thrown open for the PSUs in India?

Many large PSUs deal in natural resources. Some produce or use them while some export those. The opening up of trade and investment barriers around the world is helping these PSUs expand and de-risk their asset and customer bases. For example, the oil exploration and producing companies now have oil and gas fields in multiple continents. Also, there are great opportunities for India's defence PSUs to export their products to other developing countries.

Globalisation has also opened up more opportunities for international collaborations for the PSUs, which could be used for product development for the global markets.



BHASKAR CHATTERJEE  
Secretary, Department of Public Enterprises

atives. Efforts are being made to impart management autonomy to the PSUs. For example, the Maharashtra and the Navratna PSUs have been accorded considerable commercial freedom, including fast-track investment decisions. The MOU scheme is also im-

portant to ensure that the PSUs set clear performance targets and achieve them in order to get and keep autonomy.

The public sector companies are in race to compete with their counterparts in the private sector. How are they faring in this?

Some of them are competing with the private sector better than some others. But the important thing that nobody should lose sight of is that the few sectors where PSUs continue alongside the private sector involve a compelling public service element. For example, telecom PSUs are needed to provide communication services to the rural and distant areas, which are still not commercially viable. Similarly, power, steel, mining and minerals, hydrocarbons, defence, etc., are sectors where the government has to ensure assured supply at reasonable costs.

Can you state some of the best practices being practiced at the leading PSUs that have helped them achieve excellence in performance and productivity?

There are too many. Still, to give you an example or two, most PSUs are leveraging IT to infuse speed and efficiency in both the operations and the strategic management. Also, the PSUs work with a long-term perspective and tend to support their customers in their adversity. This protects them from the mood swings of the markets - the steady hand of the PSUs was only too visible when the global financial crisis hit our shores. This solidity in approach reflects in the performance too. CSR is another key strength of the PSUs, which undertake local area development and social welfare wherever they operate. Triple bottomline is intrinsic to their performance assessment among the PSUs.

## Need to be competitive

The key challenge for PSU CEOs is convincing all stakeholders to be competitive on cost, quality and delivery, underlines Gautam Thapar

What are the challenges before the top management of PSUs to transform their people, processes and policies to face the new realities of the market place?

PSUs are typically very large and old organizations with legacy issues. That makes the job of transforming them very challenging. Moreover, they have to strike a balance between the commercial priorities and the strategic objectives of the government. The key challenge for PSU CEOs is convincing all stakeholders of the need to be competitive on cost, quality and delivery. It is very important that PSUs attract and reward the best talent, adapt to changing technologies, ensure the right staff mix and adopt best management practices to suit the changing business environment.



High performance has to become the norm. People respond to incentives and deterrents. Both the private and the public sector organisations need credible performance reward systems to achieve a performance-driven culture.

GAUTAM THAPAR  
President, AIMA and Chairman & CEO, The Avantha Group

"There is no set formula for a successful enterprise. There is no formula to bring in change. It is the people, the employees who bring in change in an organisation."

ARUP ROY CHOUDHURY  
Chairman, SCOPE and Chairman & Managing Director, NTPC Limited

"While there is increased accountability of the public sector enterprises, there also needs to be increased autonomy given to them in order to help them perform better"

NITISH SENGUPTA  
Chairman, Board for Reconstruction of Public Enterprises

"People are a great human capital and the greatest asset for the PSUs. The need of the hour is for the HR managers to think how to make best use of this capital."

SK ROONGTA  
Managing Director, Vedanta Aluminium and Former Chairman, SAIL

## The challenges and opportunities

Increased autonomy is what the public sector enterprises need for better functioning and people management. This was the common sentiment expressed by the distinguished speakers at AIMA's PSU Summit

"The multi-layered control over the PSUs make sure that there is complete accountability and transparency in the working of these institutions."

RS SHARMA  
Former Chairman & Managing Director, ONGC Limited

"The PSUs are subjected to large auditing from various agencies. There is RTI also in the PSUs. We want the same to be extended to the private sector to bring them on a level playing field."

U D CHOUBEY  
Director General, Standing Conference of Public Enterprises (SCOPE)

"The future belongs to more compact and more individualistic but better networked companies. And, a mission driven management will drive this future."

ABHAY KUMAR JAIN  
Chairman & Managing Director, Bharat Pumps & Compressors Ltd

While government jobs give you stability, the common perception is that it is the private sector that recognizes and appreciates your talent. Do you think the young professionals are now moving beyond these notions and are willingly looking for a career in the PSU?

Job security is not necessarily the highest priority of the capable and the confident. What excites talented people is the purpose and challenge of the job. These days, top managers easily migrate between the public and the private sectors. Many talented youngsters are joining PSUs to participate in the nation building process.

A performance driven culture is the need of the hour, not just in the private sector but also in the PSUs in order to encourage the human resource. As the apex body of management in India, how can AIMA facilitate this for the latter?

The world is becoming more and more competitive and people need to do whatever they do better, quicker and cheaper. High performance, therefore, has to become the norm. People respond to incentives and deterrents. Both the private and the public sector organisations need credible performance reward systems to achieve a performance-driven culture. AIMA has conducted a management capability study on India's public and private sector organizations. The findings provide significant point-

ers for the managements of both sectors to improve their performance as well as their strategic people leadership. AIMA is also working on capability enhancement through its regular management development programmes and thematic conferences.

What factors need to be taken care of, according to you, to make the public sector a stronger and vibrant sector with greater empowerment?

Clarity of purpose and empowerment to achieve that are key to making the public sector more productive. PSUs are best suited for seeding investments in the necessary but underdeveloped sectors, such as infrastructure, education and healthcare.

Simultaneously, they need to be enabled to pay for their strategic and developmental work without dipping into the national exchequer, and for that they have to be empowered to make the appropriate commercial decisions.