

# Pestel analysis of bhel

Business, Company



## Political

- BHEL is a PSU which is immensely affected by the political forces. With the change in the government, the policies associated with it change as well. An important part of the business is done overseas, which also makes it dependent on the international trade policies.
- Over the years, the company has established its references in more than 70 countries across the world, covering almost the entire range of products and services, covering hydro, Thermal, and turn-key (gas-based) power projects
- The government policies and regulations which are related to the company's client industries can significantly affect the future of its business with these customers. For example, in the previous years power sector has seen a massive growth and has been at the top of the political agenda.
- Moreover, the power sector was deregulated in 2003, which had opened doors for the entry of private players in the market. Such entrants can also be potential customers for the company.
- The Company has signed a MoU with APGENCO for setting up a 125 MW IGCC (Integrated Gasification Combined Cycle) technology plant at Vijayawada. This is an eco-friendly, clean coal technology

## Economic Factors

- The economic growth particularly in the last one decade has played an imperative role in charting the success of the company. Lot of Industrialization has been brought about, which has always been a catalyst for company's sprinting growth.

- Supplies sets accounted for nearly 64% of the total installed capacity in the country, contributing 73% of the total power generated in the country.
- It manufactures and supplies major capital equipment and systems like captive power plants, compressors, industrial boilers, gas turbines, pumps, heat exchangers, electrical machines etc. to a number of industries like, metallurgical, mining, cement, paper, fertilizers, refineries & petro-chemicals,
- The growth of these industries has multiplied the turnover of the company leaps and bounds in the last few years. Turn key projects are the need of the hour and BHEL has proven turnkey capabilities for executing power projects from Concept-to Commissioning..

#### Social Factors

- The CSR initiatives taken by BHEL include: adoption of villages, education for under-privileged and physically challenged children, ban on child labor and natural calamity aid.
- BHEL has set up an HRD Institute in Noida to facilitate learning to meet the dynamic challenges posed by a fast changing environment.

#### Technological Factors

- Supercritical thermal plants are being set up by the government which generate around 2500-4000 MW per plant and many such plants are in progress.
- It has showcased excellence in Plant Performance improvement through renovation and up-rating of various plants

- The company has come up as a major supplier of controls and instrumentation systems for various power plants and industries.
- The company has always been keen on keeping abreast of the current technology, making it an engineering and manufacturing giant. India's first metro in Kolkata was controlled by the company
- It has developed the capability and technology to produce large capacity thermal sets with super critical parameters to gear up for this requirement.
- The company indigenously developed a state-of-the-art 400 kV Controlled Shunt Reactor for reactive power management of long transmission lines.
- The investment on R&D is among the highest in the corporate sector in India. Products developed in-house during the last five years contributed 13.80% to the revenues in 2007-08.
- Additionally, the company has developed many eco-friendly technologies to serve the environment conscious.

#### Ecological Factors

- BHEL provides all of its stakeholders a working environment that is healthy and safe.
- The company has established numerous rain water harvesting plants to curb the ongoing problem of depleting water resources.
- Many chemical storage and disposal plants have also been set up by the company to ensure proper disposal of the harmful chemical waste
- All these projects helped in creating pollution free environment, conservation of precious resources like energy, water, fueloil, coolant

besides installation of proper system for storage/handling of chemical waste.

- BHEL has incorporated the principles of Global Compact Partnersip Program of UN, a part of its day to day culture and strategy.
- BHEL has been manufacturing and supplying a range of Renewable Energy products and systems. BHEL is actively associated with the development and adoption of Hydel, WindPower and Concentrated Solar Power (CSP) projects in India and abroad.
- It has developed a technology for reduction of NOx gases from coal-based thermal power plant. The company is also taking active interest in CDM (Clean Development Mechanism) Projects and activities.

#### Legal Factors

- BHEL has attained the ISO (9001) certification for quality management, and entire manufacturing unit as be upgraded to the same
- The company also complies to scores of legal rules and regulations for occupational health & safety.
- All the divisions of BHEL have also been awarded 120 14001 for environmental management system.
- The company has to adhere to the scores of legal rules and regulations, the acts, particularly the Companies Act 1956, The Factories Act, the Environmental Protection Act, Sale of Goods Act etc.