

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:2005
ANSWERED ON:04.08.2000
SELLING OF PSUS
BALIRAM KASHYAP

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether the Government have taken a decision for selling the Public Sector Undertakings.
- (b) If so, the number of employees likely to be affected as a result thereof
- (c) Whether any scheme has been formulated by the Government in this regard; and
- (d) If so, the details thereof?

Answer

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE)

(a) As stated in the Budget Speech of 2000-2001, the disinvestment policy of the Government applicable to all the PSEs, is to bring down the Government equity to 26% or below in generality of cases. In cases of public sector enterprises involving strategic considerations, Government will continue to retain majority holding. Decisions for disinvestment are taken in accordance with this policy. It has been decided that Strategic Public Sector Enterprises would be those in the areas of:

(i) Arms and ammunitions and the allied items of defence equipment, defence aircrafts and warships.

ii) Atomic energy (Except in the areas related to the generation of nuclear power and applications of radiation and radio-isotopes to agriculture medicine and non-strategic industries).

iii) Railway transport

(b): When the Government's decision on disinvestment in a company involves transfer of management and ownership of the company, the matter relating to employee's affairs are appropriately addressed, in the terms and conditions of sale. This is examined as and when necessary. It is, therefore, not possible to work out, in advance, the number of employees likely to be affected.

(c) & (d): For the employees of the PSUs subjected to disinvestment, Government is formulating an Employee Stock Option Plan. The issues relating to the protection of interest of workers are appropriately addressed in the Shareholders Agreement in the specific cases of disinvestment. Besides above, a Voluntary Retirement Scheme is already available to the employees of all PSUs. Under the existing scheme:

(i) Enterprises, which are financially sound and capable of funding scheme on their own resources, may implement their own variants of the existing VRS. The compensation, however, will not exceed 60 days salary for each completed year of service or the salary for the number of months' service left before superannuation whichever is less.

(ii) Enterprises that are marginally profit making or incurring losses are to adopt a revised and improved pattern of VRS modeled on scheme introduced in Gujarat. Under this arrangement 35 days salary will be offered for each completed year of service and 25 days of salary for each year of service left until superannuation. The compensation will not however, exceed the total salary of the employees for the balance of service left.

(iii) In case of units which are sick and facing closure, a scheme of Voluntary Separation (VSS) has already been introduced as per the announcement made by Finance Minister in his budget speech for the year 1998-99. The scheme provides a safety-net to the workers offering them higher compensation relief than the statutory retrenchment compensation. Budgetary support is visualized in case bank credit or other means are not available for funding the VRS/VSS.

