

**GOVERNMENT OF INDIA  
DISINVESTMENT  
LOK SABHA**

UNSTARRED QUESTION NO:1339  
ANSWERED ON:30.07.2003  
ECONOMIC VIABILITY OF PSUs AFTER DISINVESTMENT  
THAAWAR CHAND GEHLOT

**Will the Minister of DISINVESTMENT be pleased to state:**

- (a) the names of the Public Sector Undertakings disinvested during the last five years in the country;
- (b) the details of the economic condition of the said PSUs after their disinvestment;
- (c) the details of the pay-scales of the workers in said PSUs before and after the disinvestment and the percentage of the increase; and
- (d) the details of the effect of the disinvestment of PSUs on the economy of the country?

**Answer**

THE MINISTER OF COMMUNICATIONS & INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHOURIE)

(a): During the last five years, the Government of India has sold minority shares in the market in 5 Public Sector Undertakings (PSUs) and has disinvested 11 PSUs, 19 hotel properties of Indian Tourism Development Corporation (ITDC) and 3 hotel properties of Hotel Corporation of India Limited (HCI) through Strategic Sale along with transfer of management control to a Strategic Partner. The names of these PSUs are given in Annexure - I.

(b) & (d): There has been improvement in the performance of most PSUs post-disinvestment. Information provided on the performance by some disinvested PSUs is given in Annexure - II.

Modern Food Industries (India) Ltd. (MFIL) and Paradeep Phosphates Ltd. (PPL) were loss-making companies prior to disinvestment. Post disinvestment, sales have increased and loss levels have been significantly reduced. Indian Pharmaceuticals Corporation Ltd. (IPCL) was a profitable company, which was disinvested in June, 2002. During 2002-2003, as reported by the company, there has been a 6% increase in gross turnover and a 90.65% increase in net profit as compared to the same period in the previous year. In Bharat Aluminium Co. Ltd. (BALCO) various operational and input costs have been reduced, the production of hot metal has increased and the new management is considering a substantial increase in the capacity. These examples show that efficiency enhancement has been achieved by disinvested PSUs, which is beneficial for the economy.

(c): As per the information provided by the companies, the pay-scales of the workers have been increased in some of the disinvested PSUs. A statement is given at Annexure - III.

**ANNEXURE-I**

ANNEXURE-I REFERRED TO IN REPLY TO PART (A) OF THE LOK SABHA UNSTARRED QUESTION NO.1339 FOR 30.7.2003 REGARDING ECONOMIC VIABILITY OF PSUs AFTER DISINVESTMENT BY SHRI THAAWAR CHAND GEHLOT.

(A) Disinvestment through sale of minority shares

- 1 Videsh Sanchar Nigam Ltd.
- 2 Container Corporation of India Ltd.
- 3 Oil and Natural Gas Corporation
- 4 Indian Oil Corporation Ltd.
- 5 Gas Authority of India Ltd.

(B) Disinvestment through Strategic Sale

- 1 Modern Food Industries (India) Ltd.
- 2 Bharat Aluminium Co. Ltd. (BALCO)
- 3 CMC Ltd.

- 4 HTL Ltd.
- 5 Lagan Jute Machinery Company Ltd.
- 6 IBP Co. Ltd.
- 7 Videsh Sanchar Nigam Ltd.
- 8 Paradeep Phosphates Ltd.
- 9 Hindustan Zinc Ltd.
- 10 Maruti Udyog Ltd.
- 11 Indian Petrochemicals Corporation Limited (IPCL)

India Tourism Development Corporation (ITDC) Hotels Located at

- 12 Agra
- 13 Bodh Gaya
- 14 Hasan
- 15 Mamallapuram
- 16 Madurai
- 17 Qutub-New Delhi
- 18 Lodi-New Delhi
- 19 Udaipur
- 20 Manali
- 21 Kovalam
- 22 Aurangabad
- 23 Airport Kolkata
- 24 Khajuraho
- 25 Varanasi
- 26 Indraprastha, New Delhi
- 27 Chandigarh Project
- 28 Ranjit, New Delhi
- 29 Kanishka, New Delhi
- 30 Bangalore Ashok (including Airport Restaurant, Bangalore)

Hotel Corporation of India Limited (HCI) Hotels Located at

- 31 Juhu-Mumbai
- 32 Rajgir
- 33 Airport Mumbai

ANNEXURE-II

ANNEXURE-II REFERRED TO IN REPLY TO PART (B) OF THE LOK SABHA UNSTARRED QUESTION NO.1339 FOR 30.7.2003 REGARDING ECONOMIC VIABILITY OF PSUs AFTER DISINVESTMENT BY SHRI THAWAR CHAND GEHLOT.

Sales/Profit figures of disinvested PSUs

Sl.No Company Name Period Sale Net Profit  
(Rs. in crore) (Rs. in crore)

1	MFIL	Jan to Dec.,2001	232	(-)12
2	BALCO	2001-2002	714.65	18.76
3	CMC	2002-2003	614.73	37.05
4	HTL	2002-2003	250.59	(-)17.21
5	VSNL	Nine months ending Dec.,2002	3780	589
6	IBP	2002-2003	8926	87
7	PPL	2002-2003	603.45	(-)68.71
8	HZL	2002-2003	1649.51	145.15
9	IPCL	2002-2003	5029	204
10	MUL	2002-2003	9064	146.40

ANNEXURE-III

ANNEXURE-III REFERRED TO IN REPLY TO PART (C) OF THE LOK SABHA UNSTARRED QUESTION NO.1339 FOR 30.7.2003 REGARDING ECONOMIC VIABILITY OF PSUs AFTER DISINVESTMENT BY SHRI THAWAR CHAND GEHLOT.

1 Paradeep Phosphates Ltd. (PPL)

Grade Old Pay Scales (Rs.) New Pay Scale % Increase#

N1	2150-35-2675	4250-70-5650	32.07
N2	2250-45-2475-55-3025	4480-80-6080	28.86
N3	2320-60-2680-70-3380	4610-100-5110-110-6760	28.42
N4	2438-80-2918-90-3818	5075-145-5800-155-8125	35.84
N5	2510-95-3080-105-4235	5500-160-6300-165-8775	36.24
N6	2672-115-3247-130-3897-140-5017	6000-170-6850-185-9255	34.02

# = percentage of increase has been worked out with reference to Mid Basic of the scale of pay and D.A.

2 Modern Food Industries (India) Ltd. (MFIL)

Grade Old Pay Scales (Rs.) New Pay Scale (Rs.)

1	1200-20-1300-25-1675	3195-40-3395-50-4145
2	1250-25-1375-30-1525-35-1875	3250-50-3500-60-3800-70-4500
3	1310-30-1460-35-1635-40-2035	3320-60-3620-70-3970-80-4770
4	1390-40-1590-50-1840-60-2440	3420-80-3820-100-4320-120-5520

Note: Company has informed that the current level of average wages is Rs.8000 per month as compared with average level of wages of Rs.6200 per month at the time of disinvestment.

3 ITDC Hotel - Kanishka, New Delhi

Grade Average Gross Salary as on 01.09.2002 (Rs.) Average Gross Salary as on 01.07.2003 (Rs.) % Increase

F1	4516	4878	8
F2	4333	4753	9.7
F3	3700	4000	8.8

4 Hotel Corporation of India - Indo Hokke Hotels Ltd. - Rajgir

Designation Pay before disinvestment (Rupees) Pay after disinvestment % Increase

House Keeping Attendant	3580	3910	1.12
Technician Grade-I & Store Assisstant	3840	3910	1.82
Sr. Security Guard & Sr. Steward	4420	4510	2.04
Sr. Technical-cum-Driver	4710	4820	2.34
Gardener	4080	4150	1.72
Others	4410	4650	4.49

5 Bharat Aluminium Co. Ltd. (BALCO):

Long-Term Wage agreement for a period of 5 years was concluded on 07.10.2001 under which workmen get a guaranteed benefit at 20% of the basic pay and increase in allowances.