

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:527

ANSWERED ON:09.07.2004

DISINVESTMENT OF PROFITABLE PSUS

Gadakh Shri Tukaram Gangadhar; Satpathy Shri Tathagata

Will the Minister of FINANCE be pleased to state:

(a) whether a large number of public representatives have urged the Government to roll back the disinvestment of profit making Public Sector Undertakings (PSUs) in the country;

(b) if so, the details thereof;

(c) the response of the Union Government thereto;

(d) whether a demand has been made to work out a policy for loss making as well as profitable PSUs;

(e) if so, the details thereof; and

(f) action taken / to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (f) The policy of the Government on disinvestment as stated in the National Common Minimum Programme is given hereunder:

The Government is committed to a strong and effective public sector whose social objectives are met by its commercial functioning. But for this, there is need for selectivity and a strategic focus. It is pledged to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. Generally profit making companies will not be privatised.

All privatisations will be considered on a transparent and consultative case-by-case basis. The existing "navaratna" companies will be retained in the public sector while these companies raise resources from the capital market. While every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation. The Government will induct private industry to turn around companies that have potential for revival.

The Government believes that privatisation should increase competition, not decrease it. It will not support the emergence of any monopoly that only restricts competition. It also believes that there must be a direct link between privatisation and social needs – like, for example, the use of privatisation revenues for designated social sector schemes. Public sector companies and nationalised banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors.