

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2499
ANSWERED ON:08.12.2006
DIVIDEND FROM PSES
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Union Government is seeking higher dividends from the public sector enterprises (PSEs) to increase the internal generation for funding the Government's ambitious social sector programme;
- (b) If so, the details thereof ;
- (c) Whether any direction in this regard has been issued to the PSEs ;
- (d) If so, the details thereof ;
- (e) If so, whether the Ministry of Railways has sought exemption from paying dividend to Union Government for the next five years to help building dedicated freight corridor project; and
- (f) If so, the decision taken thereon ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a)&(b) Public Sector Companies are expected to pay dividend to the Government as any company would pay dividend to its shareholders. As per the guidelines issued by the Government, profit making public sector companies with majority holding by the Government are required to pay a minimum dividend on equity of 20% (subject to availability of disposable profits) or a minimum dividend payout of 20% of post tax profits, whichever is higher. The minimum dividend payout in respect of Oil, Petroleum, Chemical and Infrastructure companies is stipulated at 30% of post tax profit. The above are only guidelines, and PSUs with large cash/ free reserves are expected to pay higher dividend according to their capacity.
- (c)&(d) Government issues instructions every year reiterating the above guidelines to ensure that all Public Sector Undertakings pay dividend in accordance with the guidelines.
- (e) Ministry of Finance has not received any proposal from Ministry of Railways for exemption from dividend payment to General Revenues.
- (f) Does not arise.