

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2613
ANSWERED ON:09.12.2005
REVAMPING OF PUBLIC SECTOR UNDERTAKINGS
Bhakta Shri Manoranjan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any proposal for revamping of public sector undertakings and to provide incentives for corporates and ensure corporate governance as well as accountability ;and

(b) if so, the details of the steps taken by the Government in this direction ?

Answer

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

(a) & (b) An Ad Hoc Group of Experts (AGE) on Empowerment of Central Public Sector Enterprises (CPSEs) to consider issues like autonomy, greater delegation of financial powers, corporate governance, R&D, technological upgradation, effective functioning in a competitive environment etc. was constituted in November, 2004. Based on the recommendations of the AGE. Government has delegated enhanced powers to the Navratna, Miniratna and profit making CPSEs to incur capital expenditure and formation of joint ventures, as the case may be. In order to strengthen the management for taking expeditious decisions, the Board of CPSEs have been/are being professionalized by inducting independent directors particularly in Navratna and Miniratna CPSEs. As regards corporate governance, the listed companies follow guidelines issued by the Securities and Exchange Board of India (SEBI). In case of other CPSEs, guidelines have been issued from time to time on composition of Board of Directors, appointment of independent directors, setting up of audit committees etc. There are guidelines in place permitting these companies to make performance related payments to the extent of 5% of the distributable profit in an enterprise. A Board for Reconstruction of Public Sector Enterprises (BRPSE) has been set up to advise the Government on restructuring/revival of sick/loss making CPSEs. Enterprise- specific proposals are submitted by the concerned administrative Ministry/Department before the Board for consideration. The Board has so far recommended 23 proposals of revival/restructuring and of them Government has already cleared 7 proposals.