

MR. SPEAKER: Question No. 389, Shri Kumar Mandal.

11.16 hrs.

ORAL ANSWER TO QUESTIONS

Privatisation of Municipal Bodies

[English]

389. SHRI SANAT KUMAR MANDAL:
SHRI GURUDAS KAMAT:

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Government are considering privatisation of the municipal bodies in the country;

(b) if so, the broad features of this proposal;

(c) its financial and constitutional implications;

(d) whether this matter has been discussed with the State Governments or with any corporation to ascertain their reaction;

(e) if so, the outcome thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI M. ARUNACHALAM): (a) No, Sir.

(b) and (c). Question does not arise in view of reply to part (a) above.

(d) No, Sir.

(e) and (f). Does not arise.

SHRI SANAT KUMAR MANDAL: It is a somewhat fantastic situation that the Gov-

ernment is totally denying the proposal of privatisation of municipal bodies. But I find from a news item appearing in *The Financial Express*, New Delhi, dated 19.2.1992 that a Bombay based consultant firm, The Infrastructure Leasing and Financing Corporation had been under active consideration with the Urban Development Ministry to concretise the proposal to this effect. Not only this, this firm had been asked to study proposals to this effect and come in for discussion with the Urban Development Secretary on February, 11th. Was any discussion held and if so the outcome thereof? May I know what is this rigmarole? Is there any veracity in this news item?

THE MINISTER OF URBAN DEVELOPMENT (SHRIMATI SHEILA KAUL): At present the Government of India is not considering any proposal for the privatisation of the municipal bodies. But what we really want is that we want to privatise the services of the bodies. We had written to different States asking for information. We have received information from different States also. They are Assam, Madhya Pradesh, Maharashtra.

In Maharashtra as he was mentioning just now, no municipal services had been entrusted to private sector at all. But in the area of Bombay Municipal Corporation, certain schemes like beautification of the islands on the roads, construction of toilets, urban services, forestry, all these are being considered involving the private sector agencies.

The major issues taken up by the Government of Gujarat for involvement of the private sector is garbage disposal, road maintenance and street lighting. I think these are the things that the hon. Member wanted to know all about.

SHRI SANAT KUMAR MANDAL: If this proposal did not exist at all as the hon. Minister stated, how did the news circulate to the Press more so, when there is a mention about the Bombay based corporation having

been detailed to concretise this proposal?

SHRIMATI SHEILA KAUL: There are many new items that appear in the papers. It may be for the information that we ask these papers to be supplied. For these, this must have taken place.

SHRI E. AHAMED: The hon. Minister has replied that the Government had no idea to privatise the Municipalities. But at the very same time the hon. Minister has clarified that there is privatisation of some of the services of the municipalities. As it is known and it is well established, the municipalities are within the State Government power. Has the Government consulted the State Government about the policy that is proposed to be implemented; and as on date, has the Government of India got any reply from any Government with respect to this idea of the Government of India of privatisation of the services?

SHRIMATI SHEILA KAUL: As I mentioned earlier, we have received replies from the Governments of Assam, Maharashtra, Madhya Pradesh, Gujarat, Meghalaya, Arunachal, Mizoram and Lakshadweep. As I said earlier, the major issue taken up by the Government of Gujarat is involvement of private sector for garbage disposal. They have replied that they would like to do it through privatisation, as also of road maintenance and street lighting. That is about Gujarat. But the smaller States like Meghalaya, Arunachal Pradesh and Mizoram are not in its favour. They are very small States and they can do it themselves.

Restructuring of Public Sector Undertakings

*390. **SHRI BASU DEB ACHARIA:** Will the PRIME MINISTER be pleased to state:

(a) whether the Government propose to restructure the public sector undertakings;

(b) if so, the details thereof;

(c) whether it is proposed to waive loans, interest on loans and accrued cumulative losses to enable these public sector undertakings to work free of constraints and with a positive approach;

(d) the details of the undertakings which are facing liquidity crisis; and

(e) the steps proposed to meet their requirement of working capital?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI P.K. THUNGON): (a) to (e). A statement is laid on the Table of the House.

STATEMENT

As already announced in the Industrial Policy Statement laid in Parliament on July 24, 1991 the Government will continue to follow the mixed economy pattern as its policy. For improving performance of Public Sector the re-structuring of public sector undertakings is being done by reducing areas of reservation for future public sector investments by referring the sick public sector enterprises to the Board for Industrial and Financial Reconstruction (BIFR) for the formulation of suitable revival/rehabilitation plans, by offering a part of Government's share holding in selected public sector enterprises to the Mutual Funds, financial institutions, general public and workers; by enlarging the autonomy and accountability of public sector enterprises; and by widening the scope of Memorandum of Understanding (MOU) System to cover all the public sector enterprises. The Government has also created safety net through the National Renewal Fund to take care of workers who are likely to be affected by the revival/rehabilitation plans. A Tripartite Committee under the MOS (Labour) has also been set up to finalise the modalities of rehabilitation measures at the sectoral and unit levels. The Government have carried out the disinvestment of PSU shares for ensuring wider participation of public in the equity of public