

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:3169
ANSWERED ON:12.03.2003
EMPLOYEES OF DISINVESTED PSUS
A. VENKATESH NAIK;RAMSHETH THAKUR

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether about 11% employees have been thrown out of jobs from disinvested PSUs as reported in the Dainik Jagran dated February 28, 2003;
- (b) if so, the facts in this regard;
- (c) the reaction of the Union Government thereto; and
- (d) the steps being taken by the Government to save the employees likely to become jobless due to the Government's policy of disinvestment?

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHF SHOURIE)

(a), (b)&(c) No, Sir. The data compiled for nine disinvested companies and ten hotels of ITDC and one hotel of Hotel Corporation India shows that against an initial employment level of 43,171 at the time of disinvestment there was a total attrition of 3,733 employees, while 964 employees have been recruited. Therefore, the net loss in employment was 2,769, which is around 6% of employment at the time of disinvestment, of which 663 were on account of retirement and resignation. In the case of CMC there has been a net addition in employment of 425 against the employees strength of 3119 at the time of disinvestment.

(d) The experience, so far, shows that disinvestment cannot be directly related to unemployment. There was a net reduction in employment in Public Sector Undertakings from a level of 2.179 million employees in 1991-92 to a level of 1.806 million in 1999-2000, even before disinvestment through strategic sale commenced. In comparison, the loss of employment in disinvested companies has been much less while in some cases it has increased through fresh recruitment. There have been no cases of retrenchment. Protection of employees' interest is an integral part of the disinvestment policy. Adequate provisions are made in the Transactions Agreements, executed as a part of strategic sale, to ensure that there is no retrenchment of employees for one year after disinvestment and even thereafter separation is possible only under the Voluntary Retirement Scheme as applicable under DPE guidelines or the Voluntary Retirement Scheme which was prevailing in the company prior to disinvestment whichever is more beneficial for the employees. Major expansion plans have been set afoot in enterprises such as BALCO; these will make the enterprises more competitive and thereby provide the best guarantee of continued employment; they are also the one sustainable way of ensuring expansion of employment.