

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:4685
ANSWERED ON:23.04.2003
DISINVESTMENT POLICY
RAM VILAS PASWAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether unemployment is likely to increase due to the implementation of the Disinvestment Policy and this will also adversely affect the Small Scale and Cottage industries; and

(b) if so, the steps being taken by the Government to check the rising unemployment and adverse impact on Small Scale and Cottage industries as a result of implementation of the said policy?

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHRISHOURIE)

(a) & (b): Disinvestment is not directly related to unemployment. In one PSU employment has increased after disinvestment. In several PSUs employees' separation commenced even prior to disinvestment and was required for making these companies viable. Disinvestment does not mean closing down of the company. Instead, strategic sale along with transfer of management control is expected to unleash the productive potential of public sector assets. In several PSUs operational efficiency has improved after disinvestment and additional capacities are being planned. Enhanced production and productivity in disinvested PSUs is a sustainable way of protecting employment, particularly in those small scale and cottage industries which are commercially viable.