

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1914

ANSWERED ON:11.12.2008

LOSS MAKING PSUS

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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether a large number of Public Sector Undertakings (PSUs) are incurring sizeable losses;
- (b) If so, the quantum of losses incurred by those units during the last three years and the current year, PSU-wise;
- (c) the reasons for incurring losses;
- (d) the steps taken by the Government to improve the performance of these loss making PSUs;and
- (e) the State-wise details of the PSUs earning profit as on date?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI RAGHUNATH JHA)

(a) & (b) : The losses of loss-making Central Public Sector Enterprises (CPSEs) for the three years i.e.2004-05,2005-06 and 2006-07,are given below:

Year No.of Loss Losses of loss making CPSEs
 Making CPSEs (Rs,in crore)

2004-05	573	9003
2005-06	63	6845
2006-07	59	8223

The CPSEs wise information on loss-making CPSEs is given in Statement Number 6 of Volume-I of Public Enterprise Survey,2006-07,which was laid in the Parliament on 29.2.2008 and is a public document.

(c): Reasons for losses are manifold and may vary from unit to unit.However,some `common problems faced / being faced by the loss making enterprises include obsolete plant and machinery,outdated technology,resource crunch,low capacity utilization,low productivity, excess manpower,heavy interest burden, stiff competition,weak marketing strategies etc.

(d): Enterprise specific steps for revival of sick / loss making CPSEs are taken by the concerned administrative Ministries / Departments and the CPSEs as well,which may include financial and business restructuring such as waiver of loan and interest including penal interest, conversion of loan into equity, Government guarantee, grant of moratorium on payment of interest / loan,formation of joint ventures, merger / closure, modernization, improved marketing strategies,rationalization of manpower, change of management, fresh cash infusion, etc. In addition,the Government constituted the Board for Reconstruction of Public Sector Enterprises (BRPSE) in December,2004 in pursuance to the stipulations made in the `National Common Minimum Programme (NCMP) for inter alia examination of the cases for revival of CPSEs and to make appropriate recommendations to the Government.

(e): The State-wise list of CPSEs, as per their registered office, and their profits for the period 2006-07 is annexed.