

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1416  
ANSWERED ON:27.11.2009  
FUNDING WELFARE SCHEME WITH PSUS SURPLUS  
Dhruvanarayana Shri R.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has ever advised / directed Public Sector Undertakings (PSUs) regarding the utilization of their cash surpluses;
- (b) if so, the details thereof during the last three years PSU-wise;
- (c) if not, the reasons therefor; and
- (d) the steps taken or proposed to be taken in this regard?

**Answer**

Minister of THE State in the Ministry of Finance (SHRI S.S. PALANIMANICKAM)

(a) In the year 2005, the Ministry of Finance inter-alia advised that all profit making PSEs. which are essentially commercial enterprises, will declare a minimum dividend on equity of 20 % or a minimum dividend pay out of 20% of Post-tax profits, whichever is higher, subject to availability of disposable profits. In respect of Oil, Petroleum, Chemical and other infrastructure sectors, this amount would be 30%. Besides, profit making companies with large cash surpluses and without firm plans for reinvestment shall declare special dividends. PSEs having large cash/free reserves and sustainable profitability will issue bonus shares. Companies with high market price of shares will consider stock splits.

(b) As per available information, dividend declared by CPSEs stood at Rs. 22886 crores. Rs. 26819 crores and Rs. 28081 crores for the financial years 2005-06, 2006-07 and 2007-08 respectively. The PSU wise details may be seen in the Statement enclosed.

(c) & (d): Does not arise.