

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

STARRED QUESTION NO:438
ANSWERED ON:09.12.2010
SICK PSUS
Pangi Shri Jayaram

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

- (a) whether industrial sickness in the Public Sector Undertakings (PSUs) is on the rise;
- (b) if so, the details thereof alongwith the reasons therefore;
- (c) whether some PSUs have not been declared sick despite incurring losses for the last three years;
- (d) if so, the details thereof alongwith the reasons therefore; and
- (e) the steps taken by the Government to revive the sick PSUs?

Answer

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI VILASRAO DESHMUKH)

(a) to (e): A statement is laid on the Table of the House.

Statement in reply to Lok Sabha Starred Question No. 438 for reply on 09.12.2010 regarding Sick PSUs by Hon'ble Member Shri Jayaram Pangi.

(a) & (b) As per Board for Reconstruction of Public Sector Enterprises (BRPSE), a Central Public Sector Enterprise (CPSEs) is considered sick if it has accumulated losses in any financial year equal to 50% or more of its average net worth during 4 years immediately preceding such financial year and/or a company which is a sick company within the meaning of SICA. As per Public Enterprises Survey (2008-09) and based on this definition, there were 83 sick CPSEs in 2006-07, 78 sick CPSEs in 2007-08 and 73 sick CPSEs in 2008-09. The industrial sickness in CPSEs has, therefore, been on the decline rather than on the rise.

(c) & (d) Out of 38 CPSEs which incurred losses continuously during the last three years, 4 CPSEs, namely, Bharat Immunologicals & Biologicals Corporation Ltd., Fresh & Healthy Enterprises Ltd., Handicrafts & Handloom Exports Corporation of India Ltd. and Hotel Corporation of India Ltd. have not been identified as sick CPSEs, as their accumulated loss in any financial year is less than their average net worth during 4 years immediately preceding the financial year 2008-09.

(e): The steps taken to turn these loss making CPSEs into profit making CPSEs are mentioned below:

(i) Financial restructuring, such as, conversion of loans into equity, waiver of loan and interest, Government guarantee for raising loans, grant of moratorium on payment of interest /loan;

(ii) Business restructuring, such as, formation of new joint ventures (JVs), merger with another CPSE, modernization and improved marketing strategies;

(iii) Rationalization of manpower etc.

(iv) Government established the Board for Reconstruction of Public Sector Enterprises (BRPSE) in December, 2004 for advising the Government for strengthening, modernization, reviving and restructuring of CPSEs. Based on the recommendations of BRPSE, the Government has, so far, approved revival of 40 CPSEs envisaging a total assistance of Rs.23,591 crores (cash assistance of Rs.3,276 crores in the form of infusion of funds and non-cash assistance of Rs.20,315 crores in the form of waivers / write offs of loans, etc.).