

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

UNSTARRED QUESTION NO:3704
ANSWERED ON:25.08.2011
SCOOTERS INDIA LIMITED
Yadav Shri Dharmendra

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

- (a) whether the Government has decided to end its 95 per cent share holding in Scooters India Limited;
- (b) if so, the reasons therefor;
- (c) whether the Scooters India Limited is a leading manufacturing unit in the country;
- (d) if so, whether the Government has identified strategic participation and decided the terms and conditions in this regard;
- (e) if so, the details thereof; and
- (f) the steps taken by the Government for revamping Scooters India Limited so far?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

- (a) Yes, Madam. The Government on 19.5.2011 has approved the revival of Scooters India Limited (SIL) by transfer of entire Government equity to a suitable strategic partner through Department of Disinvestment.
- (b) The company had not been performing well for quite some time and incurring operating losses from 2002-03 and net losses from 2006-07. The main reasons for poor performance of SIL are many and includes factors such as old and obsolete plant and machinery, extremely competitive market, adverse product portfolio of SIL, lack of skilled manpower, inadequate competencies, extremely low productivity, non-availability of technical know-how, poor marketing set up and lack of modern manufacturing processes. In view of these factors, it was difficult for the company to survive against the stiff competition in the industry on its own. Against the above backdrop, the BRPSE (Board for Reconstruction of Public Sector Enterprises) considered the revival proposal of the company on 28.7.2010 and recommended that a last serious effort should be made to identify a possible joint venture partner for revival of the company, alternatively company may be closed.
- (c) No, Madam. SIL has a very small overall market share in three wheeler market.
- (d) No, Madam.
- (e) Question does not arise.
- (f) Since 2001-02 to 2010-11, a total of Rs. 10412.86 lakh has been provided as budgetary support to the company. This includes Rs. 2893.00 lakhs as plan loan and Rs. 7519.86 lakh as non-plan loan. A short term business plan coined as JAGRITI project was approved in 2006 at a cost of Rs. 18.63 crore for taking up various initiatives to improve product, quality, production, supply chain and Human Resources. The Government has also been providing non plan budgetary support for meeting the salary/ wages and statutory dues for the employees of the company from 2009 onwards.