

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

UNSTARRED QUESTION NO:2023

ANSWERED ON:11.08.2011

LOSS MAKING PSUs

Angadi Shri Suresh Chanabasappa;Dubey Shri Nishikant ;Gawali Patil Smt. Bhavana Pundlikrao ;Jeyadural Shri S. R.;Sugumar Shri K.

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

- (a) the details of the Central Public Sector Enterprises (PSUs) which are incurring losses;
- (b) the total losses incurred by these PSUs during the last three years and the current year, year-wise;
- (c) whether some of the loss making PSUs are giving performance linked incentives to their employees;
- (d) if so, the details and the justification thereof; and
- (e) the steps taken by the Government to turn-around and improve the working of loss making Central PSUs?

Answer

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a) & (b): The details of the loss making Central Public Sector Enterprises (CPSEs) for the last three years, based on the Public Enterprises Survey 2009-10 that was laid in the Parliament on 24.2.2011 are shown below.

Years No. of loss making CPSEs Amount (Rs. in lakh)

2009-10	59	15842
2008-09	55	14621
2007-08	54	10303

(c) & (d): Although Department of Public Enterprises (DPE) issues guidelines for pay, etc. including Performance Linked Incentives (PLI) in respect of executives and non-unionised supervisors, wages including PLI of workmen is based on negotiations between the management and trade unions of each CPSE and may vary from one CPSE to another. The DPE O.M. dated 25.06.1999 (1997 Pay Revision), stipulates that payment of perquisites and allowances may be upto a maximum of 50 per cent of the basic pay; payments over and above the ceiling of 50 per cent should be entirely in the nature of Performance Related Payment (PRP) which should not exceed 5 per cent of the distributable profits in an enterprise. Furthermore, the DPE vide its O.M. dated 27.03.2000 has clarified that in normal circumstances the PLI should be within 50% of the basic pay, and if the limit is not considered sufficient to reward the employees for their work, the CPSEs can go beyond 50% of basic pay but within 5% of distributable profits.

While PRP is entirely dependent / based on the profit of a CPSE, the PLI may not be so. PLI cannot, therefore, be disbursed in place of PRP. PLI, if any, can only be distributed within the 50% ceiling on perks & allowances of the Basic Pay of the individual executive. In view of the above, the payment under PLI is to be decided by the concerned CPSE with the approval of their administrative Ministry/Department as per DPE's guidelines. DPE does not, however, maintain information in this regard on centralised basis.

(e): The Government has set up a Board for Reconstruction of Public Sector Enterprises (BRPSE) in December 2004 as an advisory body to advise the Government, inter alia, on the revival and restructuring of sick/loss making CPSEs. The concerned administrative Ministries / Departments of the CPSEs prepare proposals for revival of sick companies and refer them to BRPSE for recommendations. The Government is open to induct private sector to turnaround companies that have potential for revival on case to case basis. During the last three years i.e. 2007-08, 2008-09 and 2009-10, the Government has approved revival / restructuring of 14 CPSEs envisaging a total assistance of 14,757 crore (cash assistance of 1321 crore in the form of infusion of funds and non-cash assistance of 13,436 crore in the form of waivers/write offs of interest/loans, etc.).