

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

UNSTARRED QUESTION NO:5883

ANSWERED ON:08.09.2011

PERFORMANCE OF PUBLIC SECTOR ENTERPRISES

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

- (a) whether the Planning Commission has indicated that indecisiveness is the major reason for slow growth of Public Sector Enterprises;
- (b) if so, the measures being initiated to make them more viable and competition oriented;
- (c) whether any accounting/review has taken place to ascertain the losses sustained due to indecisiveness;
- (d) if so, the details thereof;
- (e) the steps taken by the Government to improve the functioning and increase the profitability of Public Sector Companies particularly to modernize them to ensure international competitiveness; and
- (f) the results achieved during the last two years, company-wise?

Answer

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

(a) & (b): The profitability ratio (PBT/Gross Sales) of Central Public Sector Enterprises (CPSEs) has been comparable to the private corporate sector. It has been, however, observed in the Eleventh Five Year Plan (2007-12) document that CPSEs appear to prefer investing in financial assets or reducing their debt burden in preference to investment which would contribute to capital formation. The top management is noticed to be risk averse due to cumbersome rules and procedures. Planning Commission has, therefore, been in favour of flexibility to CPSEs to make them more viable and competitive.

(c) & (d): ascertaining profits foregone or loss to the company arising from indecisiveness can at best be a guesstimate, and subject to question. The Planning Commission has not done any such review.

(e): Performance improvement in the CPSEs is a continuous process. Enterprise specific measures for their turnaround are taken by their concerned administrative Ministries/Department and the CPSEs. This, inter alia, includes (a) financial restructuring such as conversion of loan into equity (b) business restructuring, such as joint ventures, merger with another PSE, modernization and improved marketing strategy.

(f): The performance/results of CPSEs during the last two years is given in Statement No. 3 (from page No. S-3 to S-9) of Volume 1 of Public Enterprises Survey 2009-10, which was laid in the Parliament on 24.2.2011.