

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

UNSTARRED QUESTION NO:2812
ANSWERED ON:23.07.2009
IMPACT OF GLOBAL ECONOMIC SLOWDOWN ON PSUS
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) the details of impact of global slowdown on the performance of Public Sector Undertakings;
- (b) the state of financial health of the Central and State Public Sector Undertakings and steps taken to monitor their performance to avoid any financial irregularities;
- (c) whether the Government proposes to formulate a special mechanism to ensure high levels of financial management and sector specific performances by PSUs to achieve the targets fixed; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES(SHRI ARUN YADAV)

(a) & (b): As per the Public Enterprises Survey, 2007-08, which was laid in the Parliament on 25.2.2009, the foreign exchange earnings of the Central Public Sector Enterprises (CPSEs), as a whole, increased from Rs.70906 crore during 2006-07 to Rs.74283 crore during 2007-08. However, certain sectors such as crude oil, fertilizers, heavy engineering, transportation services, industrial development & technical consultancy services, tourist services, financial services etc. witnessed decline in foreign exchange earnings during this period. The details are given in Statement 22 of Volume I of the aforesaid Survey (pages S-135 to S-142). The concerned administrative Ministries periodically review the performance of CPSEs, under their administrative control. The performance of State Level Public Enterprises (SLPEs) is monitored by the respective State /Union Territory Government.

(c) & (d): The CPSEs sign Memorandum of Understanding (MOU) with their respective administrative Ministries/Departments. The annual MOU negotiations between the CPSEs and the administrative Ministries/Departments is a management tool for improving the performance of CPSEs. The financial targets of sales and profits are fixed in the beginning of the year, based on which the performance of CPSEs are evaluated at the end of the year.