Set aside divestment proceeds for sick PSUs' revival: panel

Improving efficiency:NITI Aayog had already recommended the strategic divestment of 40 sick PSUs.Kamal NarangKamal Narang

A Parliamentary panel has recommended the earmarking of a defined portion of proceeds from the divestment of State-owned enterprises for funding revival, restructuring and modernisation proposals of sick public sector undertakings (PSUs) that have the potential to turn around.

"In this manner, the government can extend a hand-holding support to the select sick PSUs that have the potential to turn around and sustain themselves in [the] future," the panel said in a report.

Divestment target

The government had set a target of raising Rs. 80,000 crore in 2018-19 by selling stakes in the State-owned firms, with strategic divestment of 24 CPSEs (central public sector undertakings) on the cards and privatisation of Air India on track.

Besides, NITI Aayog is preparing another list of sick PSUs that can be privatised, its chief executive officer Amitabh Kant said last month. The Prime Minister's Office (PMO) had asked the think-tank to look into the viability of sick State-run companies.

The Aayog had already recommended strategic divestment of 40 sick public sector undertakings.

In its report, the Parliamentary Standing Committee on Industry said it was of the firm opinion that while making a decision to disinvest PSUs, especially those that are profit-making, the government must accord due consideration to the jobs supported by them, the track record of their contribution to the national economy, their capex (capital expenditure) creation potential and also their role in balancing the social/regional fabric.

The committee observed that timely approval of revival/restructuring/modernisation plans of CPSEs with accurate cost estimates, availability of funds with the government and the timely disposal of such funds are crucial factors.

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