

Public Enterprise Policy

7.16 The Government's strategy towards the public sector, continues to encompass a judicious mix of strengthening strategic units, privatising non-strategic ones through gradual disinvestment or strategic sale and devising viable rehabilitation strategies for weak units. The Government intends to encourage marginally profit-making PSEs (Public Sector Enterprises) to promote VRS (Voluntary Retirement Scheme) by raising money from banks against Government guarantees and interest subsidy. PSEs would also be encouraged to issue bonds to workers opting for VRS with the Government guaranteeing the repayment of such bonds and fully reimbursing interest payments.

7.17 The Union Budget (1999-2000) proposed to raise Rs 10,000 crore through disinvestments. In this regard, the Government is processing the recommendations of the Disinvestment Commission, which are in various stages of implementation. The GDR issue of GAIL (Gas Authority of India Limited)

was successfully completed in the international markets on November 4, 1999. The offering raised proceeds worth Rs 945 crore. A new Department of Disinvestment has been created for expediting disinvestment in PSEs. Table 7.7 gives the profile of disinvestment executed in public sector undertakings, since 1991-92.

Year	Target (Rs crore)	Achievement (Rs crore)
1991-92	2500	3038
1992-93	2500	1913
1993-94	3500	Nil
1994-95	4000	4843
1995-96	7000	362
1996-97	5000	380
1997-98	4800	902
1998-99	5000	5371
1999-2000	10000	1479*

* till 31.12.99