

ECONOMY & BUSINESS

PSUs underpaying Government in dividends: Kelkar

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FINANCE SECRETARY Dr Vijay Kelkar today hit out at profit making public enterprises (PSUs) for not paying adequate dividend saying that as owner Government would now insist on better returns and greater accountability.

"The days of cheap money are over. Government will put conditionalities on PSUs for accountability and better dividend," he told PSU executives adding that those management which did not fulfil these conditionalities would have to pay.

Replying to various queries on the Union Budget for 1999-2000 at an interactive seminar organised by the standing conference of public enterprises, Dr Kelkar blamed the oil PSUs, which recently bought Government equity in other state owned corporations, for not being able to lift the market prices of their scrips.

As the cross holding was not initiated by the Government and was oil companies' own decision, he said "After the completion of the equity swapping they (oil PSUs) should have taken pain to explain the objective of the exercise to shareholders."

According to various reports, the market capitalisation of Indian Oil, GAIL and ONGC, which were involved in the equity swap had declined between 25 to 30 per cent.

Kelkar said some of the profit making PSUs were not paying even half the dividend they were supposed to be paying the Government. "The mode disinvestment for the next financial year would be either strategic sale or disinvestment of Government equity in these units recommended by the Disinvestment commission," he said. Finance Minister Yashwant Sinha had announced a disinvestment target of Rs 10,000 crore for 1999-2000 in his budget speech. Kelkar said it was for the first time that Government talked of 'privatisation' and added that IPCL, Engineers India Limited and Shipping Corporation of India would be among the PSUs where Government would shed its equity during the next fiscal. "The budget's thrust on rule-based duty regime, housing sector and private investments to spur demand has brought about a clear shift in paradigm to the budget," he said.

(PTI)