

# Endangered sector

Public sector undertakings play a significant financial and social role in the country's economy and the government has a duty to protect them instead of taking the disinvestment route.

By **RAMESH CHAKRAPANI**

It is an enduring myth that public sector enterprises (PSEs) are usually white elephants and this perception has constantly been exploited to drum up support for privatisation ever since the country took the economic liberalisation route in 1991. What many proponents of privatisation tend to forget is that these PSEs, along with public sector institutions such as the Railways, are guardians of national resources and belong to the public and their divestment only helps fatten the pockets of private players.

Data from the Department of Disinvestment under the Ministry of Finance showed that the 50 listed Central PSEs had a market capitalisation of Rs.12,10,222 crore on the Bombay Stock Exchange (BSE) and Rs.12,07,217 crore on the National Stock Exchange (NSE) as of December 31, 2015, accounting for about 12 per cent of the total

market capitalisation. Top among these PSEs were Coal India, followed by ONGC, NTPC and IOC, each of which had a market capitalisation of more than Rs. 1 lakh crore. Instead of strengthening the hands of such enterprises, the government is only seeking to undermine them by diluting its stake further. Such moves will only benefit private players at the expense of national assets. Incidentally, Coal India and ONGC also figured among the top 10 of all companies in terms of market capitalisation.

Among some 225 unlisted Central PSEs, more than 130 have been profitable, according to statistics available for the fiscal ended 2012-13. Hindustan Aeronautics was the top-ranking entity in this list, followed by companies such as Rashtriya Ispat Nigam, PEC and Nuclear Power Corp. According to the disinvestment policy, "unlisted CPSEs with no accumulated losses and having

### Significant divestments through minority stake sale over 15 years (in Rs.crore)

#### Coal India

2014-15 **22,557.63**

2010-11 **15,199.44**

#### ONGC

2011-12 **12,749.50**

2003-04 **10,542.40**

#### NTPC

2012-13 **11,457.54**

2009-10 **8,480.10**

2004-05 **2,684.07**

#### NMDC

2009-10 **9,930.42**

2012-13 **5,973.27**

#### IOC

2015-16 **9,369.00**

2013-14 **5,341.49**

#### PGCIL

2010-11 **3,721.17**

#### CPSE-ETF

2013-14 **3,000.00**

#### NHPC

2013-14 **2,131.28**

2009-10 **2,012.85**

#### Grand total

All sales **1,71,703.97**

### TOP 10 LISTED PSES BY MARKET CAPITALISATION All figures as of December 31, 2015

Company	ONGC	NTPC	IOC	Power Grid Corp
Coal India	ONGC	NTPC	IOC	Power Grid Corp
No of shares in lacs				
<b>63,163.64</b>	<b>85,554.90</b>	<b>82,454.64</b>	<b>24,279.52</b>	<b>52,315.90</b>
NSE closing price				
<b>₹329.80</b>	<b>₹241.75</b>	<b>₹146.25</b>	<b>₹428.55</b>	<b>₹141.15</b>
Market capitalisation (in Rs.crore)				
<b>₹2,08,313.70</b>	<b>₹2,06,828.97</b>	<b>₹1,20,589.92</b>	<b>₹1,04,049.90</b>	<b>₹73,843.89</b>
BPCL	Gail (India)	BHEL	NMDC	BEL
No of shares in lacs				
<b>7,230.84</b>	<b>12,684.77</b>	<b>24,476.00</b>	<b>39,647.16</b>	<b>2,400.00</b>
NSE closing price				
<b>₹892.30</b>	<b>₹375.10</b>	<b>₹169.15</b>	<b>₹89.85</b>	<b>₹1,371.10</b>
Market capitalisation (in Rs.crore)				
<b>₹64,520.81</b>	<b>₹47,580.59</b>	<b>₹41,401.15</b>	<b>₹35,622.97</b>	<b>₹32,906.40</b>

### TOP PROFITABLE UNLISTED PSES All figures in Rs.crore

Company	2011-12		2012-13	
	Revenue	Profit	Revenue	Profit
Hindustan Aeronautics Ltd.	16,721.52	2,539.43	17,655.18	2,996.91
Rashtriya Ispat Nigam	13,561	751.46	12,566.11	352.83
PEC Ltd	11,682.22	79.55	12,208.67	96.96
Nuclear Power Corp	8,708.91	1,906.15	8,637.97	2,100.99
Airports Authority of India	5,878.66	859.01	6,917.38	735
Handicrafts & Handlooms Exports Corp	12,135.64	2.16	4,169.68	2.49
Ircon International	3,781.92	469.92	4,481.22	729.99
India Infrastructure Finance Co	2,544.60	585.83	3,287.44	1,046.99
Security Printing & Minting Corp	3,662.45	582.47	3,856.04	423.48
THDC India Ltd	2,055.08	703.83	2,026.53	531.38
Mazagon Dock Shipbuilders	3,078.92	494.31	2,860.30	412.72
Rail Vikas Nigam	1,653.33	98.38	2,204.96	135.55

earned net profit in three preceding consecutive years are to be listed". This poses a serious threat to several unlisted PSEs that perform well over a few years as their stake is diluted and the profits that currently go to government coffers entirely are significantly reduced, all for some quick gains in the

short term.

So far, the government has mopped up Rs.1,71,703.97 crore through minority stake sales. The most significant divestments over the past 15 years, which also brought in the maximum proceeds, were in Coal India, ONGC and NTPC.

Going beyond economics, one must

consider the social role that these PSEs play by generating employment and lifting millions of people out of poverty. Coal India alone employs some 3,60,000 people, 3,40,000 in permanent jobs and 20,000 on contract. However, it is the Railways that plays the most important role in generating employment among all public sector institutions. Unfortunately, this core objective has been diluted over the past two and a half decades. Its total strength of 16,54,985 employees in 1990-91 has steadily eroded over the years, reaching 13,33,966 in 2013-14. The greatest reduction has been in group D employees, whose numbers fell from 7,18,281 in 1990-91 to 1,28,992 in 2013-14. This worrying trend has also impacted the implementation of social justice in the Railways, where employment of members of the Scheduled Castes and the Scheduled Tribes has posted insignificant growth in 20 years.

### SOCIAL JUSTICE IN RAILWAYS

Group	Number of S.C. Employees		Number of S.T. Employees	
	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013	As on March 31, 2014
Group A	1,117 <b>12.53%</b>	1,162 <b>12.77%</b>	666 <b>7.47%</b>	647 <b>7.11%</b>
Group B	1,401 <b>17.35%</b>	1,510 <b>18.93%</b>	567 <b>7.02%</b>	611 <b>7.66%</b>
Group C*	1,87,447 <b>14.87%</b>	2,13,208 <b>16.50%</b>	94,345 <b>7.48%</b>	1,01,518 <b>7.85%</b>
Group D (safaiwala)	14,161 <b>48.34%</b>	11,717 <b>47.57%</b>	1,510 <b>5.15%</b>	1,445 <b>5.87%</b>
Grand Total	2,04,126 <b>15.61%</b>	2,27,597 <b>17.06%</b>	97,088 <b>7.43%</b>	1,04,221 <b>7.81%</b>

\*Group 'C' including erstwhile Group 'D' other than safaiwala. Figures in red indicate percentage of total number of employees in group

### CHANGING EMPLOYMENT NUMBERS IN RAILWAYS staff as on March 31

	1990-91	1995-96	2000-01	2005-06	2010-11	2011-12	2012-13	2013-14
Zonal Railways	15,55,958	14,93,185	14,44,213	13,23,639	12,43,670	12,18,199	-	-
Group A	5,373	5,628	5,811	6,060	6,314	6,500	8,909	9,089
Group B	4,670	4,072	4,787	4,965	5,452	5,603	8,068	7,973
Group C	8,27,634	8,27,618	8,33,989	8,24,712	10,10,670	10,91,996	11,96,655	11,87,912
Group D	7,18,281	6,55,867	5,99,626	4,87,902	2,21,234	1,14,100	93,470	1,28,992
Construction	26,565	24,448	32,778	28,603	25,864	25,155	-	-
Production Units, Other Offices	69,266	69,021	68,317	60,193	62,518	62,347	-	-
Metropolitan Projects	3,196	2,992	4,077	3,686	152	154	-	-
Grand Total	16,54,985	15,89,646	15,49,385	14,16,121	13,32,204	13,05,855	13,07,102	13,33,966