

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION NO. 339
TO BE ANSWERED ON TUESDAY, THE 24TH MARCH, 2026
CHAITRA 03, 1948 (SAKA)

INOPERATIVE PUBLIC SECTOR UNDERTAKINGS

339. SHRI. P.P. SUNEER :

Will the Minister of FINANCE be pleased to state:

(a) whether the Sixteenth Finance Commission and the latest Public Enterprises Survey have reported some 383 Government run inoperative firms across the country for decades, but not officially shut down;

(b) whether earlier Finance Commissions had also mentioned about the inactive Public Sector Undertakings owned by State or Centre and had recommended for immediate closure to reduce fiscal strain, and

(c) if so, the State-wise details of such PSUs and Government's decision on the same?

ANSWER

THE MINISTER OF FINANCE
(SHRIMATI NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (c) in respect of Rajya Sabha Starred Question No. 339 for reply on 24.03.2026 regarding 'Inoperative Public Sector Undertakings' asked by Shri P.P. Suneer.

(a) The Sixteenth Finance Commission, in its report for the award period FY 2026-31, has mentioned that as of 31st March 2023, there are 308 State Public Sector Enterprises (SPSEs) that have ceased to carry out their operations and are classified as inactive (Paragraph 2.47, 15.7, 15.31). Further, citing the Public Enterprise Survey 2023-24, the Commission has also reported that 72 Central Public Sector Enterprises (CPSEs) had been rendered unproductive as of 31st March 2024 (Paragraph 2.47, 15.32). However, the number of inoperative State/ Central Public Sector Enterprises as per the latest Public Enterprises Survey 2024-2025, are given in the table below:

State/ Central Public Sector Enterprises	Number
State Public Sector Enterprises (SPSEs)	308
Central Public Sector Enterprises (CPSEs)	75
Total	383

(b) Earlier Finance Commissions (1st FC to 15th FC) touched upon the matter relating to public sector undertakings. The 16th Finance Commission in Para 15.18 of its report mentioned that “*Various Finance Commissions (FCs) in the past have recognised and reiterated the need to review SPSE performance and undertake reform measures to enhance public sector enterprise (PSE) efficiency. As far back as 1978, FC-7 had called for the need to improve the financial health and accountability of PSEs. FCs ranging from FC-7 to FC-14 made several key observations and recommendations for SPSEs. These recommendations include ensuring that SPSEs at least cover their operating costs, maintain proforma commercial accounts to enhance cost efficiency and improve their financial sustainability. FCs in past emphasised structural reforms, such as restructuring of SPSEs - particularly of electricity boards and transport undertakings. FCs have also recommended rationalising of subsidies, merging of similar PSEs and downsizing through measures like the Voluntary Retirement Scheme, among others.*” However, it has been observed that no FC explicitly recommended “immediate closure” of inactive PSUs.

(c) The State-wise list of PSUs is not maintained by Union Government as it is a subject matter of respective States. There are 75 CPSEs which are under Liquidation (17), Closure (24) and Non-Operating (34). The details are available as Appendix VIII to the Public Enterprise Survey 2024-25 <https://www.dpe.gov.in/static/uploads/2025/12/59f1e4e0304212412539aa93f4a91056.pdf>.
