

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT
AND PUBLIC ASSET MANAGEMENT

LOK SABHA
UNSTARRED QUESTION NO. 3986
TO BE ANSWERED ON FRIDAY, AUGUST 10, 2018
SHRAVANA 19, 1940 (SAKA)

PSUs Exempted from Paying Dividend

3986. ADV. NARENDRA KESHAV SAWAIKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has given exemption to some Public Sector Undertakings (PSUs) from paying dividend to their shareholders while rejecting similar exemption to some others;
- (b) if so, the details thereof; and
- (c) the details of alternative measures proposed by the Government to those PSUs which have not been given exemption to boost their shareholders?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON. RADHAKRISHNAN)

(a) & (b): The Guidelines on Restructuring of Central Public Sector Enterprises (CPSEs) regarding payment of dividend, issue of bonus shares, buy-back of shares by CPSEs were issued on 27.5.2016. The Government granted exemption from payment of dividend to 7 CPSEs in 2016-17 and 21 CPSEs in 2017-18 based on analysis of long term borrowings, CAPEX requirements/ business expansion plans of the CPSEs concerned.

(c): The focus of these guidelines is on optimum utilization of funds by CPSEs to spur economic growth. Declaration of dividend at reasonable rate on a regular interval boosts investors' confidence. Payment of dividend as a percentage of net-worth makes it comparable with alternative investment opportunities available to the investors/ shareholders.
