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Air India, MTNL join list of Sick Central Public Sector enterprises

By ET Bureau | 11 Mar, 2015, 04.00AM IST

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NEW DELHI: National carrier [Air India](#) and state-run telecom company [MTNL](#) have joined the list of [sick central public sector](#) enterprises (CPSEs), the government told the Lok Sabha on Tuesday. It also said that five CPSEs, including three units of Hindustan Machine Tools (HMT) will be shut soon. Minister of state for heavy industries Anant Geete said there were 65 units in the list of sick public sector units (PSUs) as of March 31, 2014.

"The reasons for their sickness vary from enterprise to enterprise and included obsolete plants and machinery, heavy interest burden, resource crunch, surplus manpower and shortage of working capital," he said. The government has budgeted Rs 3,205 crore for infusion into Air India in FY16 compared with Rs 6,380 crore in the current fiscal.

A CPSE is declared sick after it has accumulated losses in any financial year equal to 50% or more of its average net worth during four preceding years. The accumulated losses of Air India stood at Rs 5,388.82 crore in 2013-14, as against Rs 5,490 crore in 2012-13 and Rs 7,559 crore in 2011-12. MTNL posted a profit of Rs 7,821 crore in 2013-14, mainly due to exceptional items—or write back of provisions on account of pensionary liabilities and spectrum amortization costs—of Rs 11,621 crore.

Last year, the government had approved refund of Rs 4,533.97 crore to MTNL against surrender of broadband spectrum, for which it was to pay the same amount in 2010. The company had reported a loss of Rs 5,321 crore in 2012-13, as against Rs 4,109 crore in 2011-12. In case of companies that are being closed, Geete said the government is offering their employees a "very good" VRS package.

As per the ministry of heavy industry and public enterprises, the board for reconstruction of public sector enterprises (BRPSE) has recommended revival packages for 48 CPSEs, which has been approved by the government.

Geete said the concerned administrative ministries "prepare proposals for revival or otherwise of sick companies on case-to-case basis and obtain approval of the government".

The list of sick PSUs includes Scooters India, Hindustan Shipyard, ITI and Hindustan Cables. As per the Public Enterprises Survey 2013-14, losses at sick/loss-making [CPSEs](#) declined 29.78% to Rs 20,055 crore in 2013-14 from Rs 28,562 crore in 2012-13. There were 290 CPSEs in 2013-14, out of which 234 were in operation. Rest of the CPSEs were under construction.



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