



# NATIONAL CONFEDERATION OF OFFICERS' ASSOCIATIONS

(National Forum of the Executives of Central Public Sector Enterprises)

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## Press Release

### Opposition to reckless and hasty move for Privatization of CPSU's

During Covid-19 pandemic, Central Public Sector Undertakings (CPSUs) have been on the forefront in serving the Nation by extending selfless contribution viz. ensuring uninterrupted supply of fuels, power, communication services, air evacuation of stranded citizens abroad, production of ventilators etc. The hard work to provide uninterrupted essential service to all corners, including at many non-profitable locations during the strategic lockdown imposed to control the spread of Covid-19, has severely impacted the financial condition and profitability of CPSUs.

CPSUs have been leading in the areas of domestic manufacturing as well as infrastructure development across the nation, and could be strategically used as the growth engine of Atma Nirbhar Bharat Abhiyan, launched by honorable Prime Minister, Sri Narendra Modi ji. Therefore, we all had great expectation and hope from the stimulus package for CPSUs, which are profoundly contributing towards GDP growth, revenue generation, dividend contribution, employment generation including to the marginalized sections, MSMEs survival, foreign exchange saving, serving the country in disasters, CSR activities etc.

We are deeply pained that not only any support for CPSUs is missing in the stimulus package announced by the Hon'ble Finance Minister, Smt Nirmala Sitharaman ji, but announced about new policy for privatization all PSUs in non-strategic sectors and limiting the number of PSUs to four in strategic sectors. Further, CPSUs could play a lead role in recently announced government's indigestion for defense production

We appreciate the efforts of policy makers and decision makers to keep the fiscal deficit of the country under check, during massive liquidity requirement fiscal stimulus for all other section of economy. However, fulfilling this fiscal requirement by selling nations asset in form of CPSUs privatization may be very short term notional gain for managing country's financial numbers under control, at the cost of long term disaster for country's economy. We, at NCOA, strongly oppose this imprudent, hasty, detrimental, shortsighted and sinister move by all ways and means. Undoubtedly, this hurried step in unfavorable market conditions shows conceit and ignorance of facts and reality. After recovery from covid-19 pandemic, we will be forced to bring awareness amongst the society, street/plant/enterprise level agitations all over India to make the decision makers aware about the role of CPSUs in building the country, sustaining economy, GDP growth, revenue generation, FE earnings, sustainable employment generation, necessity during disasters, building robust society through CSR and creating business opportunities for MSMEs. NCOA strongly opposes this move and hope that Govt will realize the ill effects and long term evils of this path, as private enterprises work with goal of profit making only while national (public) interests is prime target for CPSUs.

It is shocking see the approach to dismantle the strongest and most dependable pillar of our economy, which have always been the shock absorbers during all previous economic recession/crisis and at all the time been at the forefront of rescue efforts in natural calamities & disasters. As responsible citizens, we all need to make the Union Government aware about the indispensable role of CPSUs for the country. All the stake holders including employees, suppliers, dealers, distributors, customers, investors, engaged with the CPSU's are also a large set of aware and conscious opinion makers, who have duty to safeguard the national interest and public wealth.

CPSUs were set up to serve broad macro-economic objectives of higher economic growth, self-sufficiency in production of goods and services, long term equilibrium in balance of payments and low and stable prices besides meeting certain socio-economic obligations. While there were only 5 CPSUs with an investment of Rs 29 crore initially in 1950, the same has now been scaled up and yielded many multi fold returns to the government and the society. CPSEs are key strategic actors in the nation's economy providing essential goods & services and holding a dominant market position in critical sectors and competitive markets.

Hon'ble Union Minister, Sh Prakash Javadekar, has also stated that CPSUs play an important role in the process of nation building through their contributions to various aspects like economic growth, infrastructure development, healthy market competition, balanced regional development and price stabilization. They also play a key role in discharging social obligations through their CSR activities, especially in the field of health, education and skill development. CPSUs made a substantial contribution to the central exchequer by providing Rs. 3.68 lakh crore in various forms like dividend, interest, corporate taxes and GST. Also, overall net profit of operating CPSEs was Rs 1.43 lakh crore in 2018 -19. These figures are excluding departmental run enterprises, banks and insurance companies.

CPSU's are engaged in many diverse sectors in Indian economy, operating over length & breadth of the country. They help in developing various new technologies, markets and services and are a significant source of direct and indirect employment. Employment generation is certain and sustainable in CPSU's as compared to totally opaque private sector. They serve as Model employer and set benchmark for private sector and respective industry.

CPSUs are backbone of Indian Economy and play a major role in fulfilling the development priorities of the Govt and the country. They contribute to the macro-economic objectives such as accelerating economic growth, advancement in manufacturing and technology, strategic prioritization, price stabilization, long term payment balancing etc as well as undertake fulfillment of socio-economic objectives such as employment generation, social welfare initiatives, economic inclusion of poor and disadvantaged societal group and skill development.

Business of CPSU's is driven and determined by the Board of Management & CEO's, directly appointed by the Govt. Further, the fate and survival of CPSUs entirely depend on priorities, policies and directives of Government (written or verbal, formal or informal) and hence the priorities always remain to implement the government initiatives towards development of societies.

At this crucial juncture, we wish to reiterate and emphasize that CPSUs are the most important pillar of strength and capability of Indian economy. Some current economic indicators of CPSUs (figure in Rupees for 2018-19) may be perused from the following table in order to realize its worth and prominence in the Indian Economy :

Total Capital employed	26,33,956 Crore
Gross annual revenue from operations	25,43,370 Crore
Total annual Income	24,40,748 Crore
Annual Profit of profit making CPSE's	1,74,587 Crore
Reserve & surplus	9,93,328 Crore
Dividend paid	71,916 Crore
Contribution to Exchequer by way of Dividend, Excise & Customs Duty, GST, Corporate Tax, Interest on loans etc	3,68,803 Crore
CSR Expenditure	3,873 Crore
Foreign exchange earnings	1,43,377 Crore
Salary and wages paid	1,52,684 Crore
Regular employees	10.32 Lakh
Casual & Contract employees	4.81 Lakh

\*Source : Public Enterprises Survey for 2018-19

Ever since liberalization, CPSUs have come increasingly under pressure from policy framework and business-environment-competition to achieve their goals more effectively and efficiently. In past also, several initiatives and actions have threatened the existence of CPSU's wealth and have created turmoil for the Economists, Employees, Customers, Citizen and other Stake Holders from time to time. This is certainly against the long term interest of the nation.

NCOA is the apex organization representing about two lakh highly qualified officers fraternity employed in the CPSUs, which includes finest professionals of all fields viz., Engineers, Managers, Chartered Accountants, Company Secretary, Law Officers, Doctors, etc. They are valuable asset of the nation's human capital pool and are duty bound to bring it to the notice of policy makers about disaster of destabilizing the equilibrium by privatization of CPSUs, which is too detrimental to the interest of the country for long term.

So, we call upon all stake holders and citizens at large to oppose this move to dismantle the CPSU's.



**(V.K.Tomar)**

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