

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:3077
ANSWERED ON:16.03.2001
OFFLOADING OF GOVERNMENT SHARES IN PSUS
V. VETRISELVAN

Will the Minister of DISINVESTMENT be pleased to state:

- (a) the role of the share markets and share prices in deciding the amount of sale proceeds on offloading of Government shares in public sector units;
- (b) whether the Government are aware that FII's have come to determine the share prices of different companies;
- (c) if so, whether the Government have any mechanism to monitor and analyse the movement of share prices in the market as a whole and companies stated for disinvestment in particular;
- (d) if so, the details thereof; and
- (e) if not, the corrective steps taken in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE IN THE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

- (a) Share prices of companies on share markets play an important role in deciding the pricing of shares in case of disinvestment through the route of `offer of shares`. The share price of the company on stock exchange has a limited role in the pricing for disinvestment through `strategic sale` route particularly in cases where strategic sale is contemplated in the companies not listed on stock exchanges.
- (b) FIIs are an important constituent of the stock market. However, the share prices of different companies are determined through the interplay of market forces of demand and supply.
- (c), (d) & (e) Many companies in which disinvestment is under progress are not listed on the stock exchange. Wherever required, the movement of share prices in the market is analysed prior to disinvestment.