

**GOVERNMENT OF INDIA  
DISINVESTMENT  
LOK SABHA**

UNSTARRED QUESTION NO:1265  
ANSWERED ON:26.02.2003  
DISINVESTMENT OF PSUS  
PRIYA RANJAN DASMUNSI

**Will the Minister of DISINVESTMENT be pleased to state:**

(a) the criteria to decide the strategic sectors and non-strategic sectors, such as, Railways, Defence Production, Petroleum, Power, Fertilizers, Irrigation, Atomic Energy, etc.; and

(b) the reasons for the Government not treating the gas and petroleum sector as the strategic sector?

**Answer**

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHRISHOURIE)

(a) The Government decided on 16th March, 1999 that the following will be classified as the `Strategic` industries:

(i) Arms and Ammunitions and the allied items of defence equipment, defence air-craft and warships;

(ii) Atomic Energy (except in the areas related to the generation of nuclear power and applications of radiation and radio-isotopes to agriculture medicine and non-strategic industries);

(iii) Railway Transport: Government has also decided that IOC, ONGC and GAIL be treated as flagship companies in the oil sector where Government shareholding would not be reduced below 51%. All other non-strategic Public Sector Enterprises can be disinvested.

(b) After the dismantling of the Administered Price Mechanism, Government's role primarily should be that of a regulator. The Hydro-carbon Vision 2025 - also clearly identifies private sector participation in retail as a policy thrust. Government has already deregulated Exploration and Production, Refining, Pipelines and Retailing. There is now widespread private sector participation in Exploration and Production, Refining and Pipelines. The petroleum sector and consumers are expected to benefit as a result of such increased competition.