

**GOVERNMENT OF INDIA  
DISINVESTMENT  
LOK SABHA**

UNSTARRED QUESTION NO:4796  
ANSWERED ON:23.04.2003  
DISINVESTMENT OF PUBLIC SECTOR ENTERPRISES  
TRILOCHAN KANUNGO

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

- (a) the definition of strategic partner / buyer in disinvestment;
- (b) the names of non-strategic buyers / partners and also strategic buyers / partners during each of the last three years in disinvested public sector enterprises;
- (c) the amount received from each of the buyers and percentage of Government share sold in each case;
- (d) the market price of the free land of each of the Government units sold or partly disinvested;
- (e) the names of public enterprises where Government control has been retained even after partial disinvestments;
- (f) the details of performance of such units after disinvestments; and
- (g) the health of public units after outright sale to private owners / companies?

**Answer**

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHR SHOURIE)

(a) The 'strategic partner' or the 'strategic buyer' is the company, individual or entity in whose favour the Government disinvests the entire or a major part of equity held by it in any PSU, along with transfer of management control.

(b) & (c) A statement giving the required information is at Annexure I.

(d) The assets of PSU, including land, along with all accumulated liabilities are disinvested by selling the equity held by the Government through a process of competitive bidding. The sale price received from disinvestment is the net aggregate market value of the assets and liabilities taken together and is not accounted separately against each of the assets of the disinvested PSUs.

(e), (f) & (g) In all cases of disinvestment during each of the last three years, the Government has transferred management control to the strategic partner.

Disinvestment of PSUs through strategic sale was initiated only about three years back and most of the transactions have been concluded in the last two years. Anecdotal evidence suggests that it has facilitated the productive use of assets. Data on the sales and profit of selected PSUs, for which information has been provided by the concerned companies, is given in Annexure II.

Modern Food Industries (India) Ltd. (MFIL) and Paradeep Phosphates Ltd. (PPL) were loss-making companies prior to disinvestment. Post disinvestment, the companies have seen a substantial growth in sales and loss levels have been significantly reduced. Indian Petrochemicals Corporation Ltd. (IPCL) was a profitable company, which was disinvested in June, 2002. During the first nine months of 2002-2003, as reported by the company, there has been a 11% increase in gross turnover and a 104% increase in net profit as compared to the same period in the previous year. In BALCO, various operational and input costs have been reduced, the production of hot metal has increased and the new management is considering a substantial increase in the capacity.

These examples show that efficiency enhancement has been achieved by disinvested PSUs, which is beneficial for the economy and for employment.

Annexure I referred to in reply to parts (b) & (c) of the Lok Sabha Unstarred Question No.4796 for 23-4-2003 regarding disinvestment of Public Sector Enterprises by Shri Trilochan Kanungo.

Disinvestment during 2000-2001 to 2002-2003

S.No.	PSU disinvested	Nature of	Name of buyer	Percentage	Amount
	buyer-	of			
	Strategic/	Government	(Rs. in		
	Non-Strategic	equity sold	crore)		

Disinvestment during 2000-2001

1. Bharat Aluminium Company Ltd. (BALCO)	Strategic Sale Sterlite Industries (India) Ltd.	51%	551.50
2. Bongaigaon Refineries & Petrochemicals Ltd. (BRPL)	Strategic Sale Indian Oil Corporation Ltd.	74.46%	148.80
3. Madras Refineries Ltd. (Chennai)	Petroleum Corporation Ltd. Strategic Sale Indian Oil Corporation Ltd.	51.81%	509.33
4. Kochi Refineries Ltd. (KRL)	Strategic Sale Bharat Petroleum Corporation Ltd.	55.04%	659.10
Total			1868.73

Disinvestment during 2001-2002

5. HTL Ltd.	Strategic Sale Himachal Futuristic Communicaiton Ltd.	74%	55.00
6. CMC Ltd.	Strategic Sale Tata Sons Ltd.	51%	152.00
7. India Tourism Development Corporation			
i) Ashok Bangalore	30 years Lease-cum-management contract Bharat Hotels Ltd.	39.41@	
ii) Bodhgaya Ashok	Strategic Sale Lotus Nikko Hotels	99.97%	1.81
iii) Hassan Ashok	Strategic Sale Malnad Hotels and Resorts (P) Ltd.	99.97%	2.27
iv) Madurai Ashok	Strategic Sale Sangu Chakra Hotels Private Ltd.	99.97%	4.97
v) TBABR, Mamallapuram	Strategic Sale G.R. Thanga Maligai (P) Ltd.	99.97%	6.13
vi) Agra Ashok	Strategic Sale Shri Mohan Singh	99.97%	3.61
vii) Laxmi Vilas Palace, Udaipur	Strategic Sale Bharat Hotels Ltd.	99.97%	6.77
viii) Qutub Hotel, New Delhi	Strategic Sale Sushil Gupta and Consortium	99.97%	34.46
ix) Lodhi Hotel, New Delhi	Strategic Sale Silverlink Holdings Ltd. & Consortium	99.97%	71.93
Sub-total			171.36

8. Hotel Corporation of India

i) Centaur Hotal Juhu, Mumbai	Strategic Sale Tulip Hospitality Pvt. Ltd.	100%	153.00
ii) Indo Hokke Hotels Ltd. Rajgir	Strategic Sale Inpac Travels (India) Pvt. Ltd.	100%	6.51
Sub-total			159.51+

9. IBP Ltd.	Strategic Sale Indian Oil Corporation	33.58%	1,153.68
10. Videsh Sanchar Nigam Ltd.	Strategic Sale Panatone Finvest Ltd. (a Tata Group Co.)	25%	3,689.00++
11. State Trading Corporation of India Ltd.	Transfer of cash reserves		40.00#
12. Minerals and Metals Trading Corporation of India Ltd.	Transfer of cash reserves		60.00#
13. Paradeep Phosphates Ltd.	Strategic Sale Zuari Maroc Phosphates Ltd.	74%	151.70

Total 5,632.25 \$

Disinvestment during 2002-2003

14. Hindustan Zinc Ltd. Strategic Sale Sterlite Opportunities & Ventures Ltd. 26% 445.00

15. Indian Petrochemicals Corporation Ltd. Strategic Sale Reliance Petro 26% 1,491.00

16. India Tourism Development Corporation

- i) Kovalam Ashok Beach Resort Strategic Sale M. Far Hotels Ltd. 99.97% 40.39
- ii) Manali Ashok Strategic Sale Auto Impex Ltd. 99.97% 3.65
- iii) Khajuraho Ashok Strategic Sale Bharat Hotels Ltd. 99.97% 2.19
- iv) Varanasi Ashok Strategic Sale Ramnath Hotels (P) Ltd. 99.97% 8.38
- v) Aurangabad Ashok Strategic Sale Loksangam Hotels & Resorts Pvt. Ltd. 99.97% 16.50
- vi) Kanishka, New Delhi Strategic Sale Nehru Place Hotels Ltd. 99.97% 92.37
- vii) Indraprastha, New Delhi Strategic Sale Moral Trading & Investment Ltd. 99.97% 43.39
- viii) Chandigarh Project Strategic Sale TAJGVK Hotels & Resorts Ltd. 99.97% 17.27
- ix) Hotel Ranjit, New Delhi Strategic Sale Consortium of Unison Hotels Ltd. & Formax Commercial Pvt. Ltd. 99.97% 29.28
- x) Hotel Airport Kolkata Strategic Sale Bright Enterprises Pvt. Ltd. 99.97% 19.39

Total 272.81

17 Maruti Udyog Ltd. Strategic Sale Suzuki Motors 4.2% 1,000.00

18. Hotel Corporation of India Ltd.

i) Centaur Hotel Airport Mumbai Strategic Sale Batra Hospitality Pvt. Ltd. 100% 83.00+

19. Modern Foods (India) Ltd. Sale of Residual shares Hindustan Lever Ltd. 25.995% 44.07

20. Hindustan Zinc Ltd. Disinvestment Disinvestment in favour of 1.46% 6.19  
in favour of employees  
employees

21. CMC Ltd. Disinvestment Disinvestment in favour of 6.06% 6.07  
in favour of employees  
employees

Total 3,348.14

+ Proceeds to go to Air India.

++ Includes dividend of Rs.755 crore and special interim dividend and dividend tax of Rs.1,495 crore.

# Transfer of cash reserves.

@ Inclusive of Minimum Guaranteed Annual Payment (MGAP), Security Deposit and Business Transfer Consideration etc. Renunciation of rights issue of 12,16,341 shares against Rs.1000 crore control premium.

\$ 1.97% equity in VSNL sold to the employees in 2001-2002 but not included in this statement.

## Annexure II

Annexure II referred to in reply to parts (f) & (g) of the Lok Sabha Unstarred Question No.4796 for 23-4-2003 regarding disinvestment of Public Sector Enterprises by Shri Trilochan Kanungo.

Sales/Profit figures of disinvested PSUs

S.No. Company Name Period Sale (Rs. in crore) Net Profit (Rs. in crore)

1. MFIL Jan to Dec. 01 232 -12

2. BALCO 2001-02 714.65 18.76

3. CMC 2001-02 565.33 25.09

4. HTL 2001-02 233 -107.61

5. VSNL Nine months ending Dec.02 3780 589

6. IBP Nine months ending Dec.02 6754 49

7 PPL Nine months ending Dec.02 499 -50.42

8. HZL Nine months ending Dec.02 1080 95

9. IPCL Nine months ending Dec.02 3656 114