

**GOVERNMENT OF INDIA  
DISINVESTMENT  
LOK SABHA**

UNSTARRED QUESTION NO:3266

ANSWERED ON:04.02.2004

DISINVESTMENT OF PROFIT MAKING COMPANIES

ADHIR RANJAN CHOWDHURY;RAGHURAJ SINGH SHAKYA;SHYAMA SINGH

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

- (a) whether the Union Government has started the process of appointing financial advisers to offload ten percent stake in largest profit making companies particularly ONGC and GAIL;
- (b) if so, whether this disinvestment process is being opposed by the employees of the companies concerned;
- (c) if so, the details in this regard;
- (d) whether the Union Government proposes to reconsider its decision;
- (e) if so, the details thereof; and
- (f) if not, the reason therefor?

**Answer**

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

(a) Yes, Sir.

(b)&(c) Some representations have been received suggesting that ONGC should go in for fresh issue of share capital rather than disinvestment of the existing shareholding by Government and that the employees of the Company be allotted shares in the proposed Offer for Sale at a concessional rate.

(d),(e) & (f) No, Sir. Offer for Sale from the existing Government equity to the public does not preclude ONGC going in for fresh issue of capital as and when required. The reservation of shares for the employees in the proposed Offer for Sale will be governed by the existing guidelines of SEBI. Even after the sale of upto 10% out of the Government equity in ONGC and GAIL, they will remain Government companies and continue to function as before. The sale of upto 10% of Government equity through the Offer for Sale in the domestic market will broaden the shareholder base of the companies and provide an opportunity to retail investor to invest in these blue chip Public Sector Companies.