

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

STARRED QUESTION NO:54
ANSWERED ON:23.07.2003
DISINVESTMENT OF PSUS
GADDE RAMAMOCHAN;M.V.V.S MURTHI

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether the Government are considering divesting their residual stake in several disinvested companies in which they have already divested management control such as CMC, VSNL, IBP, IPCL etc.;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government have received several complaints from the labour unions on the working of present management of these companies;
- (d) if so, the details thereof; and
- (e) the action taken by the Government to save the interests of the employees working in these companies?

Answer

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

(a) to (e) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No.54 for 23rd July 2003 regarding Disinvestment of PSUs by Dr. M.V.V.S. Murthy and Shri Ram Mohan Gadde.

(a) & (b) Yes, Sir. Government has decided to dispose off its residual shareholding in the disinvested PSUs namely CMC Ltd., Videsh Sanchar Nigam Ltd. (VSNL), IBP Ltd., Indian Petrochemicals Corporation Ltd. (IPCL) and Bharat Aluminium Company Ltd.(BALCO through the Offer for Sale route.

Public Offer of residual shares is one of the options available under the transaction agreements entered into at the time of strategic sale. The recent up trend in the domestic capital markets and the successful launch of the Maruti Public Offer have created a conducive environment for the exercise of this option, in selected disinvested companies. This will broaden public shareholding in these disinvested PSUs, and also deepen the domestic capital market.

(c) & (d) Complaints have been received from some Labour Unions against the new managements of BALCO have been laid off/retrenched without a fair deal and that the VRS is not being implemented according to the provisions of the Transaction Agreement. Government has set up a Fact Finding Team to look into tis issue. IPCL Employees` Association has represented against: (a) Unsatisfactory implementation of the agreement between the Government of India and the Strategic Partner (b) Delay in implementation of the terms of Long Term Settlement with local union (c) Misuse of powers relating to IPCL properties. Federation of Videsh Sanchar Nigam Employees Unions has represented against the terms of the Voluntary Retirement Scheme, allegedly, introduced unilaterally by the management in May 2003. These allegations are examined keeping in view provisions of the Transaction Agreements entered into with the Strategic Partner.

(e) Protection of employees` interest is an integral part of the disinvestment policy. Adequate provisions are made in the Transactions Agreements entered into at the time of strategic sale, to ensure that there is no retrenchment of employees for one year after disinvestment and where necessary, Voluntary Retirement Scheme (VRS) is implemented only in accordance with the Department of Public Enterprises (DPE) guidelines or the VRS which was prevailing in the company prior to disinvestment, whichever is more beneficial for the employees.