

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

STARRED QUESTION NO:23
ANSWERED ON:19.02.2003
DISINVESTMENT OF OIL SECTOR PSUS
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Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether the Government have decided to disinvest Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) and some other Oil Sector PSUs;
- (b) whether the administrative ministry has raised any objection;
- (c) if so, the details thereof alongwith the rationale behind the same;
- (d) the reasons for not allowing the Oil Sector PSUs including ONGC to take part in the bidding;
- (e) whether the Union Government have sought the opinion of the Attorney-General of India in regard to disinvestment of HPCL and BPCL;
- (f) if so, the opinion of the Attorney-General in this regard; (g) the financial position (profit/loss) of HPCL and BPCL during the last three years and as on date; (h) whether the Government have appointed any consultant to disinvest HPCL, BPCL, etc.; and (i) if so, the details thereof?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHRI ARI SHOURIE):

(a) Yes, Sir. The Government have decided to disinvest 34.01% equity in Hindustan Petroleum Corporation Limited (HPCL) through strategic sale and 35.20% equity in Bharat Petroleum Corporation Limited (BPCL) through public offer in the domestic and international market. In addition, it has been decided to offer 5% equity shares in both the companies through Employees Stock Purchase Scheme (ESPS) of the employees of both the companies.

(b) No, Sir.

(c) Does not arise.

(d) The oil sector PSUs including ONGC have not been allowed to participate in the bidding of HPCL as it is the general policy of Government not to allow one PSU to bid for other PSU. The primary rationale behind this is that the objective of disinvestment is to put national assets to optimal use and to maximize the productive potential inherent in public sector and ownership of one PSU by another PSU defeats that objective.

(e) Yes, Sir.

(f) Attorney General has opined that Parliamentary legislation or Parliamentary sanction or approval is not necessary to effectuate the 'in principle' policy decision of disinvestment in HPCL and BPCL and that it is open to the Government of India in bona fide exercise of its executive power to reach and implement the said decision.

(g) The financial positions (net profits) of HPCL and BPCL during the last three years are as follows:-

Net profit (in Rs. Crore)

2001-02 2000-01 1999-2000

BPCL HPCL 849.8 788.0 832.7 1088.0 701.6 1057.4

(h) No consultants have so far been appointed for disinvestment in HPCL and BPCL. However the process of the appointment of Global Advisor for HPCL and Global Coordinators for BPCL is under progress.

(i) Does not arise.