

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5332
ANSWERED ON:22.12.2000
SALE OF EQUITY HOLDING
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether the Unit trust of India (UTI) has been given permission to sell its stake in various companies to strategic partners;
- (b) if so, the definition of `strategic` partners;
- (c) whether clear guidelines have been given to UTI on proper handling of sales of its equity holdings;
- (d) if so, whether such prices of equity shares will be negotiated openly and publicaly; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) Investment operations of UTI viz. sale and repurchase of securities, are governed by the Unit Trust of India Act, 1963 and also by the mutual fund regulations of the Securities and Exchange Board of India (SEBI).

One of the recommendations of the Deepak Parekh Committee on US-64 suggests `strategicsale` of significant equity holdings by negotiation to the highest bidder, wherever feasible and not to any strategic partner. UTI is considering implementation of the suggestion, in consultation with other financial institutions wherever possible, without destabilizing existing well-managed companies.

(c) Under the UTI Act, UTI is required to discharge its functions on business principles keeping in view the interests of unit holders. As such. Government has not issued any separate guidelines to UTI regarding sales and/or purchase of securities.

(d) and (e) According to UTI, the price negotiation will be done according to standard market practices and subject to prevalent guidelines and regulations in this regard. The intention behind the proposed sale of equity held by UTI is to allow a price discovery process and thus would be done through a transparent process by invitation of bids.