

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:225

ANSWERED ON:04.12.2009

DISINVESTMENT PROCEEDS

Haque Shri Sk. Saidul;Singh Shri Sushil Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has constituted the National Investment Fund (NIF) from the proceeds of disinvestment of Public Sector Undertakings(PSUs);

(b) if so, the details thereof; and

(c) the utilization made from NIF towards funding social sector schemes and revival of sick PSUs during the last three years?

Answer

THE MINISTER OF FINANCE (PRANAB MUKHERJEE)

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

Statement referred to in part (a) to (c) of Lok Sabha Starred Question No. 225 for 04.12.2009 by Shri Sk. Saidul Haque and Shri Sushil Kumarjijng regarding Disinvestment Proceeds

(a) &(b) : Government has constituted a `National Investment Fund` (NIF) in November, 2005, into which the proceeds from disinvestment of equity in PSUs would be channelised. The corpus of NIF will be of a permanent nature. NIF will be professionally managed to provide sustainable returns to the Government without depleting the corpus. Selected Public Sector Mutual Funds, namely UTI Asset Management Company Limited, SBI Funds Management Private Limited and LIC Mutual Fund Asset Management Company Limited have been entrusted with the management of the corpus of NIF. 75% of the annual income will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of NIF will be used to meet the capital investment requirements of profitable and revivable PSUs. A total amount of Rs. 1814.45 crores (Disinvestment Proceeds from Power Grid Corporation of India Limited, Rs. 994.82 crores and Rural Electrification Corporation Limited, Rs. 819.63 crores) has been credited to the NSF as on date.

However, keeping in view the difficult economic slowdown of 2008-09 and a drought this year, both of which are likely to adversely affect the 11th Plan growth performance, the Government has decided that with effect from April, 2009 to March 2012, the proceeds from disinvestment would be channelised into NIF and would be available in full as a one-time exemption, for meeting the capital expenditure requirements of selected social sector programmes decided by the Planning Commission and Department of Expenditure.

(c) : An income payout of Rs. 84.81 crores and Rs. 209.24 crores has been received for the first (2007-08) and second (2008-09) year of investment and credited to the Consolidated Fund of India (CFI). During 2009-10, a provision of Rs. 185.90 crores has been allocated to National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme).

From April, 2009, a total amount of Rs. 4259.90 crores has been realized from the disinvestment proceeds of National Hydro Power Corporation Ltd. (NHPC) and OIL India Ltd. and credited to the CFI. The funds would be transferred to NIF and allocated for capital expenditure in identified social sector schemes as decided by the Planning Commission/Department of Expenditure.