

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2541  
ANSWERED ON:04.12.2009  
DISINVESTMENT  
Tewari Shri Manish

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

- (a) whether the Government has taken a view to disinvest equity listed in Public Sector Companies;
- (b) the extent to which such strategic sale of equity would lead to the transfer of management;
- (c) whether the National Investment Fund has earned less returns on investments than the hurdle rate;
- (d) if so, the reasons why the returns have been less than the hurdle rate;
- (e) the manner in which the Government propose to rectify this situation;
- (f) whether the Government has listed, especially the social schemes where the proceeds of the National Investment Fund be deployed;
- (g) if so, the details thereof;
- (h) whether the Government only deploy the returns earned on investment of the corpus of the National Investment Fund or deploy funds in addition to the returns on investment; and
- (i) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a)&(b)The policy on disinvestment articulated in the President's Speech to Joint Session of Parliament on 4th June, 2009 and Finance Minister's Budget Speech on 6th July, 2009 requires the development of `people ownership` of Central Public Sector Undertakings (CPSUs) to share in their wealth and prosperity, with Government retaining majority shareholding and control. This objective is relevant to profit earning CPSUs as it is only these that will sustain investor-interest for sharing in their prosperity.

In line with this policy announcement, Government has decided that:

- (i) already listed profitable CPSUs not meeting the mandatory public shareholding of 10% are to be made compliant; and
- (ii) all CPSUs having positive networth, no accumulated losses and having earned net profit for the three preceding consecutive years, are to be listed through public offerings out of Government shareholding or issue of fresh equity by the company or a combination of both.

(c)to(e)The average return of National Investment Fund has been 9.35% as against a hurdle rate of 9-9.25%.

(f)&(g)The indicative list of schemes/projects which can benefit from income realized from NIF investments are as follows:-

- (i) National Rural Health Mission
- (ii) Sarva Shiksha Abhiyan
- (iii) Mid day Meal Scheme
- (iv) Drinking Water and Sanitation
- (v) Sampoorn Gramin Rojgar Yohana (SGRY)
- (vi) National Food for Work Programme and Integrated Child Development Scheme (ICDS).

(h)&(i) While the annual income will be used to finance selected social sector schemes, which promote education, health and employment and also to meet the capital investment requirements of profitable and revivable PSUs, with effect from April, 2009 to 2012, the proceeds from the disinvestments channelised into NIF would be available in full for meeting the capital expenditure

requirements of Social Sector Programmes decided by the Planning Commission/Department of Expenditure.