

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3752

ANSWERED ON:11.12.2009

CHANGE IN CHARACTER OF NIF

Basavaraj Shri Gangasandra Siddappa;Khaire Shri Chandrakant Bhaurao;Pradhan Shri Nityananda;Satpathy Shri Tathagata;Sugumar Shri K. ;Sule Supriya

Will the Minister of FINANCE be pleased to state:

- (a) whether the policy adopted relating to disinvestment has been revised by the Union Government during the recent time;
- (b) if so, the details thereof;
- (c) whether the policy for utilizing the income earned from the proceeds of disinvestment of Public Sector Units (PSUs) towards revival of sick Central Public Sector Enterprises (CPSE) has been kept in abeyance; and
- (d) if so, the reasons therefor and the time by which sick CPSE are likely to be revised?

Answer

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

(a) Yes, Sir.

(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 compiiant; and
- (ii) all CPSUs having positive net worth, 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.

Further, in so far as NIF is concerned, wherein the annual income is 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 as a one-time exemption, for meeting the capital expenditure requirements of Social Sector Programmes decided by the Planning Commission/Department of Expenditure.

(c) No, Sir.

(d) Does not arise.