

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2937
ANSWERED ON:26.11.2010
DISINVESTMENT OF NTPC
Naranbhai Shri Kachhadia

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has disinvested a part of its equity in the National Thermal Power Corporation (NTPC);
- (b) if so, the details thereof;
- (c) whether the share offer received for the small retail investors was grossly under subscribed/ under subscribed;
- (d) if so, the details along with reasons therefor; and
- (e) the Government's reaction thereto?

Answer

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

(a) Yes, Sir.

(b) In October 2004, Government disinvested 5.25% post-issue paid-up equity capital of NTPC Limited in conjunction with issue of fresh equity of 5.25% by the Company by way of Initial Public Offering. The Government realized an amount of `2,684.07 crore. The Government shareholding after this came down to 89.50% from 100% and the shares of the Company got listed on the stock exchanges.

In February 2010, Government disinvested by way of Further Public Offering 5% paid-up equity capital of NTPC Limited out of its shareholding of 89.50% and realized an amount of `8,480 crore.

(c) to (e) In the Initial Public Offering in 2004, the retail portion was subscribed 3.8 times. However, in the Further Public Offering in February 2010, the retail portion was subscribed to the extent of 0.15 times. In a Further Public Offering the response of retail investors is often low as the price is already discovered and the shares are available in the market. Moreover, at the time of Further Public Offering in February 2010 the sensex had fallen 700 points during the three days of the Issue period. The overall Issue was subscribed 1.23 times.