

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4846
ANSWERED ON:02.09.2011
IRREGULARITIES IN DISINVESTMENT
Rajaram Shri Wakchaure Bhausheb

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of alleged irregularities in the process of privatization/disinvestment of the Public Sector Undertakings (PSUs) ;
- (b) if so, the details of the complaints received in this regard;
- (c) the action taken/ proposed to be taken on such complaints; and
- (d) the measures taken by the Government to make the disinvestment process error free?

Answer

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

(a) to (c) The Comptroller and Auditor General of India in his Report for the year ended March 2004-Union Government Transactions Audit Observations No.2 of 2005 (tabled in Parliament in May, 2005), which include the sale transactions of Hotel Juhu Centaur, Mumbai and Hotel Airport Centaur, Mumbai, has inter-alia observed that valuations of these properties were not consistent with the practice followed by the Ministry in other cases. In the light of observation made by C&AG, sale transactions of these hotels were referred to CBI for an inquiry in July, 2005. CBI inquiry did not establish any malafide behind the decision making. However, the matter has been referred to Attorney General for India for his opinion.

The Comptroller and Auditor General of India conducted audit examination of 9 PSUs, including VSNL, disinvested through strategic sale between 1999 and 2003. The report of the Comptroller and Auditor General of India for the year ended March 2005 [Union Government (Civil), Performance Audit No. 17 of 2006] on Performance Audit of Disinvestment of Government Shareholding in Selected Public Sector Undertakings during 1999-2003, was laid in the Parliament on 25th August, 2006. This report contains, inter alia, observations on the valuation of these PSUs. The Public Accounts Committee (PAC) had selected this report for detailed examination during 2006-07. Further action will be taken on receipt of the recommendations of the PAC, if any.

(d) The Government has streamlined the process and procedure for disinvestment and have placed the same in public domain.