

**GOVERNMENT OF INDIA  
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
LOK SABHA**

UNSTARRED QUESTION NO:5978  
ANSWERED ON:08.09.2011  
DISINVESTMENT OF PSUs  
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**Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:**

- (a) whether several Public Sector Undertakings (PSUs) propose to issue Initial Public Offer (IPO) during the current year;
- (b) if so, the details thereof, PSU-wise;
- (c) the manner in which this IPO propose to help these companies;
- (d) whether the disinvestment propose to accelerate the growth of these companies;
- (e) if so, the details thereof?

**Answer**

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a): The disinvestment policy inter alia envisages that all Central Public Sector Enterprises (CPSEs) having positive networth, no accumulated losses having earned net profit for 3 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.

(b): In pursuance of this policy the Department of Disinvestment (DoD) is in dialogue with the Administrative Ministries and the CPSEs to assess their capital expenditure requirements to be raised through issue of fresh equity.

At present the process of listing through an Initial Public Offer (IPO) in Rashtriya Ispat Nigam Limited and National Building and Construction Corporation Limited by way of offer for sale of 10 percent paid-up equity capital of each of the Company is being pursued by the DoD.

(c): Listing of shares is advantageous to the CPSEs as well as the shareholders. It promotes transparency due to higher levels of mandatory disclosure and oversight, due diligence, and also enhances the quality of corporate governance in various ways including that of induction of Independent Directors. The management also feels encouraged to perform better to meet the shareholder expectations, thereby unlocking the intrinsic potential of the company and bringing out its true value in public domain and consequential goodwill for the company.

(d) & (e): The true value of the enterprise would be known after listing of the shares on the stock exchanges as a result of which the market capitalization of the Companies is expected to increase. This would help the Companies to raise resources, if required.