

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2478

ANSWERED ON:23.08.2013

DISINVESTMENT OF PSU

Dhotre Shri Sanjay Shamrao; Ganpatrao Shri Jadhav Prataprao; Gutha Shri Sukender Reddy; Jaiswal Shri Gorakh Prasad ; Mahtab Shri Bhartruhari; Sivasami Shri C.; Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

(a) the details of disinvestment policy of the Government;

(b) the details of the Central Public Sector Enterprises (CPSEs) selected for disinvestment including their percentage share of disinvestment along with the option explored for achieving the disinvestment target in the current fiscal;

(c) the progress made in regard to disinvestment of CPSEs and the amount realised therefrom, against the revenue target fixed, CPSE-wise;

(d) the policy of the Government in regard to utilization of the revenue generated through such disinvestments; and

(e) the steps taken or proposed to be taken for achievement of the target set and to protect the interests of employees of such CPSEs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (J.D.SEELAM)

(a) The Policy on Disinvestment envisages that:-

(i) Already listed profitable Central Public Sector Enterprises (CPSEs) not meeting the mandatory public shareholding of 10% are to be made compliant by public offering out of Government shareholding or issue of fresh equity by the CPSE concerned or a combination of both.

(ii) All unlisted CPSEs having positive net worth, no accumulated losses and having earned net profit for 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.

(iii) Public offerings by listed CPSEs taking into consideration their capital investment requirements with Government of India simultaneously or independently offering a portion of its shareholding in such CPSEs.

(iv) All cases of disinvestment are to be decided on a case by case basis as each CPSE has different equity structure, financial strength, fund requirement, sector of operation, etc.

(v) Government retains at least 51 per cent equity and management control in all cases of disinvestment through public offerings.

(vi) Strategic sale in loss making CPSEs is considered on a case by case basis when efforts to revive the CPSE fail.

(b) The Government has approved proposals for disinvestment of minority stake in the capital market as per details given below:

S. No.	Name of CPSE	%age of disinvestment
1.	Engineers India Ltd.	10
2.	Indian Oil Corporation Ltd.	10
3.	Hindustan Aeronautics Ltd.	10
4.	Bharat Heavy Electricals Limited	5
5.	Rashtriya Ispat Nigam Ltd.	10

The Government has also approved proposal for sale of entire Government of India shareholding in Tyre Corporation of India Limited to a strategic partner.

More cases will be added to the pipeline when approved by the Government.

(c) So far Government has realized an amount of `1325.27 crore during the current financial year against the target of `40,000 crore as

per details given below:

S. No.	Name of CPSE disinvestment	%age of (Rs.in crore)	Amount realized
1.	MMTC Ltd.	9.33	571.71
2.	Hindustan Copper Ltd.	4.01	259.56
3.	Neyveli Lignite Corporation Ltd.	3.56	358.21
4.	National Fertilizers Ltd.	7.64	101.08
5.	State Trading Corporation Ltd.	1.02	4.54
6.	India Tourism Development Corporation Ltd.	5.00	30.17
	Total		1325.27

(d) Disinvestment proceeds will be credited to the National Investment Fund (NIF) to be utilized for recapitalization needs of CPSEs/ Public Sector Banks, Insurance Companies and other public sector financial institutions, equity infusion in Metro Projects, for investment in Indian Railways towards capital expenditure, and investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Limited.

(e) The details of disinvestment proposals approved by the Government are given in part

(b) above. More cases will be added to the pipeline when approved by the Government.

The policy of the Government is to disinvest only minority stake and to retain at least 51 per cent equity and the management control; thus, the public sector character of the CPSE will be maintained and therefore, the interests of the employees are fully protected.