

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:412

ANSWERED ON:06.12.2013

SELLING GOVERNMENT STOCKS .

Adsul Shri Anandrao Vithoba;Anuragi Shri Ghansyam ;Siddeswara Shri Gowdar Mallikarjunappa;Vishwanath Shri katti
Ramesh;Yadav Shri Ranjan Prasad

Will the Minister of FINANCE be pleased to state:

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

(b) the details of the targets vis-à-vis achievement of disinvestment of Public Sector Undertakings (PSUs) during each of the last three years and current year till date, reason for failure to meet the targets, if any and steps taken therefor, PSU-wise;

(c) whether the Government has selected some Central Public Sector Enterprises (CPSEs) for disinvestments and fixed a target for revenue generation therefrom during the year 2013-14 and if so, the details thereof, PSU-wise;

(d) whether the Government has disinvested some profit making enterprises also and if so, the details thereof and the reasons therefor;

(e) whether some of the PSUs want to buy back shares which they had sold earlier and if so, the names of such undertakings and the steps taken by the Government in this regard; and

(f) whether the Government has assessed the impact of sale of stock on the economy of the country, and if so, the details thereof?

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

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

(b) The Revised Estimates and the actual amounts of disinvestment during the last three years and Budget Estimates for the current year (till date) are as under:

(` in crore)			
Year	Revised Estimates/	Budget Estimates	Actual
2010-11	22,144.79	22,144.22	
2011-12	13,144.55	13,894.05	
2012-13	23,956.06	23,956.06	
2013-14 (till date)	40,000	1325.27	

The disinvestment in some CPSEs could not be completed as per plan due to volatility in the capital markets, non availability of independent directors etc.

(c) Yes Madam, there is a target of `40,000 cr. for the year 2013-14 from disinvestment in CPSEs. Disinvestment in following CPSEs has been completed:

S. No.	Name of CPSE	%age of disinvestment	Amount realized (` in crore)
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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

Approvals for disinvestment in following CPSEs have been obtained.

Sl. No.	CPSE	% of GoI shareholding	% of proposed disinvestment
1	NHPC Ltd. (Buyback)	86.36	10
2	Engineers India Ltd.	80.40	10
3	Indian Oil Corpn Ltd.	78.92	10
4	CPSE Exchange Traded Fund (ETF)		
5	Hindustan Aeronautics Ltd.	100	10
6	Power Grid Corporation of India Ltd. (PGCIL)	69.42	5
7	Bharat Heavy Electricals Limited	67.72	5
8	Rashtriya Ispat Nigam Ltd.	100	10

(d) Yes Madam, 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	%age of disinvestment	Amount realized (` in crore)
1.	MMTC Ltd.	9.33	571.71
2.	Hindustan Copper Ltd.	4.01	259.56
3.	Neyveli Lignite Corporation Ltd.	3.56	358.21
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	Total		1325.27

The disinvestment of the profitable CPSEs is as per the disinvestment policy.

(e) Yes Madam, the Board of NHPC Ltd. has approved the proposal for buyback of 10% shares. Government of India has agreed to participate in the buyback.

(f) The process of disinvestment i.e. sale of stock and listing of the CPSEs triggers multilayered oversight mechanism, enhances corporate governance, increases significantly the value of the Enterprise and residual shareholding post-listing. Disinvestment provides for development of people-ownership of CPSEs and sharing the prosperity of CPSEs. Through the process of disinvestment the value of the CPSEs is unlocked, the citizen of the country can directly part take in the wealth of the nation and the funds generated are used in social sector programmes for the welfare of the people of the country.