

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2688

ANSWERED ON:07.02.2014

IRREGULARITIES IN DISINVESTMENT

Punia Shri P.L. ;Rawat Shri Ashok Kumar;Ray Shri Rudramadhab

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) in the recent past;
- (b) if so, the details thereof;
- (c) the action taken/proposed to be taken by the Government thereon; and
- (d) the measures taken by the Government to streamline and make the disinvestment process more transparent?

Answer

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

(a), (b) & (c) The Jodhpur unit of CBI on 06/11/2013 has registered a Preliminary Enquiry on the basis of Oral Information by the Complainant in connection with the offence of "Gross Misconduct" by Unknown Officers/Officials of (1) Hindustan Zinc Limited, Udaipur, (2) Ministry of Mines, Government of India, New Delhi, (3) Ministry of Disinvestment, Government of India, New Delhi, and (4) Sh. Anil Agarwal, Chairman, M/s Sterlite Industries (India) Ltd., Mumbai and Director, M/s Sterlite Opportunities & Ventures Ltd. (SOVL), Mumbai relating to disinvestment of Hindustan Zinc Limited, Udaipur during the period from 1997 to 2003.

(d) The current Disinvestment Policy of the Government envisages that while pursuing disinvestment, Government has to retain majority shareholding, i.e. at least 51%, and management control of the Public Sector Undertakings (PSUs).

Broadly, the methods used for disinvestment of minority shareholdings of PSUs are Initial Public Offerings (IPO), Follow-on Public Offerings (FPO), and Offer for Sale of shares by Promoters through Stock Exchange Mechanism (OFS). The process of Disinvestment is elaborate as a number of regulatory requirements are fulfilled and it is undertaken strictly as per SEBI Guidelines.