

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1545
ANSWERED ON:27.11.2009
PUBLIC PARTNERSHIP
Agarwal Shri Jai Prakash

Will the Minister of FINANCE be pleased to state:

- (a) the details of those listed companies of the country as on date which have less than 25% public partnership;
- (b) whether Security and Exchange Board of India (SEBI) propose to take any step for assuring the minimum 25% public participation for the listed companies of the country; and
- (c) if so, the details thereof ?

Answer

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

(a) : As per current provision, certain listed companies are exempted from any mandatory public shareholding requirement while some are required to maintain public shareholding at a minimum of 10% and the remaining listed companies are required to maintain the minimum level of public shareholding at 25%. As per information provided by SEBI 219 listed companies have less than 25% public shareholding (details given in Annexures – I, II and III). Companies listed in Annexure-I are exempt from mandatory shareholding requirement. Companies listed in Annexure II & III are required mandatorily to maintain 10% & 25% public shareholding respectively.

(b) & (c) : In order to have a vibrant secondary market, the Finance Minister had proposed in the Budget 2009-10 to increase the minimum threshold level of public shareholding to 25% in respect of all listed companies. To operationalise this the following decisions have been taken :

- i. Public holding shall mean non-promoter holding where promoter would include all entities directly or indirectly associated with the company before it goes public.
- ii. The minimum threshold level of public holding will be 25% for all listed companies, including public sector enterprises.
- iii. Addition to the public holding, till the threshold level of minimum 25% is reached, will be at least 5% per year.
- iv. The requirement for continuous listing will be the same as the conditions for initial listing.
- v. In case of temporary sliding below the threshold level of 25% of public holding, as and when it is reached, the company will have to regain the threshold limit within a specified period of time.