

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2204

ANSWERED ON:11.12.2015

Irregularities in Disinvestment

Khairi Shri Chandrakant Bhaurao;Laguri Smt. Sakuntala

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 in Public Sector Undertakings (PSUs);
- (b) if so, the details of such irregularities detected during each of the last three years and the current year;
- (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 JAYANT SINHA)

(a) to (b): The Central Bureau of Investigation (CBI) has registered a Preliminary Enquiry (PE) dated 06.11.2013 on the issues relating to disinvestment and transfer of management control of Hindustan Zinc Limited (HZL) in April, 2002 in favour of M/s Sterlite Opportunities Venture Limited (SOVL). They have also registered a PE on 10.04.2014 in the matter of Disinvestment of Laxmi Vilas Palace Hotel, Udaipur, a unit of India Tourism Development Corporation, an undertaking under the Ministry of Tourism. Regular case under the Prevention of Corruption Act, 1988 has been registered on 13.08.2014.

(c) Further action in the matter will be taken depending on the outcome of the CBI investigation.

(d): 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 involves all the concerned Ministries/Departments and the transactions are done in a transparent manner, in accordance with the extant disinvestment policy of the Government and as per extant Securities and Exchange Board of India (SEBI) guidelines.
