GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

RAJYA SABHA

UNSTARRED QUESTION NO. 2282

TO BE ANSWERED ON TUESDAY, MARCH 16, 2021

Phalguna 25, 1942 (Saka)

Reasons for BPCL Divestment

2282. **Smt. Priyanka Chaturvedi: Smt. Phulo Devi Netam: Shri K.C. Venugopal**:

Will the Minister of FINANCE be pleased to state:

(a) the criteria Government has used to select Bharat Petroleum Corporation Limited (BPCL) for divestment;

(b) whether Government has developed or considered any plan to reform the management and operations of BPCL to improve its competitiveness and efficiency while maintaining ownership and, if so, the details thereof and if not, the reasons therefor justifying the same; and

(c) whether Government plans to disinvest other Maharatna and Navratna Public Sector Undertakings (PSUs) and, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) and (b) The Government follows a policy of strategic disinvestment of Central Public Sector Enterprises (CPSEs) which are not considered as 'High Priority' for the government ownership. NITI Aayog has been mandated to identify such CPSEs for strategic disinvestment. For this purpose, NITI Aayog identified these CPSEs based on the criteria of (i) National Security; (ii) Sovereign function at arm's length; and (iii) Market Imperfections and Public Purpose.

While making recommendations for Strategic Disinvestment of BPCL, NITI Aayog observed that Oil marketing companies are profitable entities in a State-controlled oligopoly that has a significant investment cycle ahead. It would vastly improve efficiency in the marketplace and provide benefit to consumers, if the oligopoly became more competitive with the material presence of a private sector participant that would compete to enhance its share while bringing best practices to the industry.

Based on the above recommendations of NITI Aayog, CCEA accorded 'In Principle' approval for strategic disinvestment of BPCL on 20.11.2019. Government expects that the strategic buyer will bring funds/technology/new management etc. for optimum development of business potential of the BPCL. The growth of the BPCL, post-disinvestment, would be able to generate higher economic activity including growth of the ancillary industries, and creation of new job opportunities. The resources unlocked by the strategic disinvestment of BPCL would be used to finance the social sector/developmental programmes of the Government benefiting the public.

(c) The Government has so far given 'in-principle' approval for strategic disinvestment of 35 CPSEs and subsidiaries/Units/Joint Ventures of CPSEs, which include Maharatna and Navratna PSEs (list **annexed**).

Further, in the Budget 2021-22, Government has announced a New Public Sector Enterprise (PSE) policy. As per the policy, four strategic sectors have been identified, in which bare minimum presence of the existing public sector commercial enterprises at Holding Company level will be retained under Government control, and rest will be considered for privatization or merger or subsidiarization with another PSE or for closure. In the remaining sectors, all PSEs will be considered for privatization, where feasible, otherwise such enterprises shall be considered for closure. The identification of PSEs to be retained in a strategic sector shall be subsequently done with the approval of competent authority.

As per the procedure, with the approval of competent authority, the PSEs to be retained in a strategic sector shall be identified.

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Annexure to Rajya Sabha Unstarred Question No. 2282 for reply on 16-03-2021

List CPSEs and Subsidiaries/Units/Joint Ventures of CPSEs for which Government has given 'in-principle' approval for strategic disinvestment since 2016.

a) Ongoing Transactions

S.No	Name of CPSE
1.	Project & Development India Limited
2.	Engineering Project (India) Limited
3.	Bridge and Roof Co. India Limited
4.	Units of Cement Corporation of India Limited
5.	Central Electronics Limited
6.	BEML Limited
7.	Ferro Scrap Nigam Limited (subsidiary)
8.	Nagarnar Steel Plant of NMDC Limited
9.	Alloy Steel Plant, Durgapur; Salem Steel Plant; Bhadrawati Steel Plant - units of Steel Authority of India Limited
10.	Pawan Hans Limited
11.	Air India and five of its subsidiaries
12.	HLL Lifecare Limited
13.	Indian Medicines Pharmaceuticals Corporation Limited
14.	Various Units of India Tourism Development Corporation Limited
15.	Hindustan Antibiotics Limited
16.	Bengal Chemicals & Pharmaceuticals Limited
17.	(a) Bharat Petroleum Corporation Ltd(except Numaligarh Refinery Limited) (b) BPCL stake in Numaligarh Refinery Limited to a CPSE strategic buyer.
18.	The Shipping Corporation of India Limited
19.	Container Corporation of India Limited
20.	Neelachal Ispat Nigam Limited
21.	Rashtriya Ispat Nigam Ltd.

b) Transactions held up due to litigation

S.No	Name of CPSE
22.	Hindustan Newsprint Limited (subsidiary)
23.	Karnataka Antibiotics & Pharmaceuticals Limited

c) Transactions halted as the CPSEs recommended / approved for closure

S.No	Name of CPSE
24.	Hindustan Fluorocarbons Limited (subsidiary)*
25.	Scooters India Limited#
26.	Bharat Pumps & Compressors Limited@
27.	Hindustan Prefab Limited

* CCEA approved closure of the CPSE on 22.01.2020
# CCEA approved closure of the CPSE on 20.01.2021
@ CCEA approved closure of the CPSE on 09.12.2020

d) Transactions Completed

S.No	**Name of CPSE**
28.	Hindustan Petroleum Corporation Limited
29.	Rural Electrification Corporation Limited
30.	HSCC(India) Limited
31.	National Projects construction corporation Limited
32.	Dredging Corporation of India Limited
33.	THDC India Limited
34.	North Eastern Electric Power Corporation Limited
35.	Kamrajar Port Limited