

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT
RAJYA SABHA
UNSTARRED QUESTION NO. 1495
TO BE ANSWERED ON TUESDAY, MARCH 15, 2022
24 PHALGUNA, 1943 (SAKA)

Disinvestment of CEL

1495. **Shri K.C. Venugopal:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of profits earned by Central Electronics Limited (CEL) during the last three years;
- (b) whether it is a fact that Government has disinvested profit making CEL; and
- (c) the reasons for selling profit making PSUs like CEL?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KISHANRAO KARAD)

- (a) : The details of profits earned by Central Electronics Limited (CEL) during the last three years are given as under:

Years	2018-19	2019-20	2020-21
Profit After Tax (PAT)	1.69	3.13	23.46

Source: Department of Scientific & Industrial Research

- (b) : On the recommendation of NITI Aayog, the CCEA on 27th October, 2016 gave 'in principle' approval for strategic disinvestment of 100% shareholding of GoI in Central Electronics Ltd. (CEL).

The first attempt to strategically disinvest CEL did not succeed as no financial bids were received. The process was re-launched with issue of Preliminary Information Memorandum (PIM) and request for Expressions of Interest (EOI) on 03.02.2020. Due process for strategic disinvestment of CEL was thereafter followed. On 29.11.2021, the Alternative Mechanism (AM), empowered by CCEA, approved the highest price bid for

sale of 100% equity shareholding of GoI in Central Electronics Ltd (CEL) based on recommendations of Core Group of Secretaries on Disinvestment (CGD) and Inter Ministerial Group (IMG).

Subsequently some allegations have been received from CEL Employees Association. Pending legal examination of some of these allegations, the IMG has decided to put the Letter of Intent (LOI) on hold. Accordingly, the LOI has not been issued yet.

(c) : As per the disinvestment policy of the Government, NITI Aayog has identified CPSEs for strategic disinvestment based on the criteria of (i) National Security; (ii) Sovereign function at arm's length, and (iii) Market Imperfections and Public Purpose. Profitability/loss is not among the relevant criteria of strategic disinvestment. The policy on strategic disinvestment is based on the economic principle that Government should discontinue in sectors, where competitive markets have come of age and economic potential of such entities can be better discovered in the hands of strategic investor due to various factors such as infusion of capital, technological upgradation and efficient management practices.
