

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT
(DIPAM)

RAJYA SABHA
UNSTARRED QUESTION NO. 1479
TO BE ANSWERED ON TUESDAY, MARCH 14, 2023
23 PHALGUNA, 1944 (SAKA)

DISINVESTMENT OF BEML

1479. SHRI A. A. RAHIM:

WILL THE MINISTER OF FINANCE BE PLEASED TO STATE:

- (a) whether Expression of Interest for disinvestment of the Defence PSU –BEML Ltd. has been published, if so, the details thereof;
- (b) the reasons for the same in spite of BEML being a strategic & profit making PSU;
- (c) whether management control is also being given to the buyer;
- (d) the asset market value of BEML;
- (e) the amount Government expects to receive from the disinvestment; and
- (f) why this amount is disproportionately low compared to the asset market value of BEML?

ANSWER

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

(a) to (c): Pursuant to the “in-principle” approval given by the Cabinet Committee of Economic Affairs (CCEA) in its meeting on 27.10.2016, the Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EoI) for the process of Strategic Disinvestment of 26% stake in BEML Limited by Government of India (GoI) along with transfer of management control was issued on 04.01.2021. Non-operational/surplus land and buildings are not part of strategic disinvestment. In response to the PIM, multiple Expressions of Interest (EOIs) have been received. The transaction is currently in the stage of due diligence by Shortlisted Bidders (SBs). After its completion, financial bids will be invited from SBs.

The decision of the CCEA is based on the recommendations of NITI Aayog. NITI Aayog has been guided by the basic economic principles that where competitive market has come of age, such entities would most likely perform better in private sector due to various factors viz. infusion of capital, technology upgradation and efficient management practices. This will result in higher production and productivity and creation of direct and indirect employment opportunities. Profitability/loss of the Central Public Sector Enterprise (CPSE) is not among the relevant criteria for strategic disinvestment.

(d) to (f): As per the strategic disinvestment process, the valuation is carried out by professional advisors/valuers through different methods of valuation following comprehensive valuation guidelines to arrive at a “Reserve Price”. This determination is made only after financial bids have been received in sealed cover, so as to ensure independence of financial bids and the fixation of Reserve Price, thereby ensuring best possible competitive bids. The non-operational /surplus assets of BEML, which will not be a part of the transaction, have already been earmarked for transfer to another demerged CPSE named BEML Land Assets Ltd (BLAL) by way of demerger under the Companies Act, 2013 through an order of Ministry of Corporate Affairs (MCA) dated 28.07.2022. BLAL will continue to be a Government company with a mirror shareholding as that of BEML as on record date 09/09/2022.
