

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT
RAJYA SABHA
STARRED QUESTION NO. 51
TO BE ANSWERED ON JULY 25, 2023
PRIVATISATION OF CENTRAL PUBLIC SECTOR UNDERTAKINGS

*** 51. SHRI ELAMARAM KAREEM:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is planning to privatise or disinvest any of the Central Public Sector Undertakings (CPSU) in the country;
- (b) the manner in which the privatisation or disinvestment of prestigious CPSUs has benefitted the economy;
- (c) whether the reservation norms for recruitment as followed by the earlier management are being followed by the companies after they have disinvested; if so, the details of the recruitments happened in each companies after they were disinvested or privatised; if not, the reasons therefor;and
- (d) the actions taken by Government to ensure job security of workers who were working in CPSUs after its privatization?

ANSWER

THE MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

- (a) to (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PART (a), (b), (c) and (d) OF THE
RAJYA SABHA STARRED QUESTION NO. *51 TO BE ANSWERED ON 25th JULY,
2023 REGARDING 'PRIVATISATION OF CENTRAL PUBLIC SECTOR
UNDERTAKINGS'**

(a) The Government follows a policy of disinvestment through Minority Stake Sale and Strategic Disinvestment. Strategic Disinvestment implies substantial sale of Government shareholding of a Central Public Sector Enterprise (CPSE) along with transfer of management control to a strategic buyer (which may be a private sector entity or a CPSE).

Cabinet Committee on Economic Affairs (CCEA), since 2016, has given 'in-principle' approval for strategic disinvestment of 36 cases of Public Sector Enterprises (PSEs) and/or Subsidiaries/ Units/ Joint Ventures of PSEs/ Bank. Out of the 36 cases, 33 cases are being handled by Department of Investment and Public Asset Management (DIPAM) and 3 cases are being handled by the respective Administrative Ministry/Department. Out of the 33 cases being handled by DIPAM, strategic disinvestment transactions have been completed in 10 cases which include two cases of privatisation; 5 PSEs are under consideration for closure; 1 case is held up due to litigation, 1 case is under Corporate Insolvency Resolution Process (CIRP) in NCLT and 2 transactions are under review for feasibility. Remaining 14 transactions are at various stages. Details are given at **Annexure-I.**

In February, 2021, the New Public Sector Enterprise ("PSE") Policy for Atmanirbhar Bharat has been issued which lays down a broad roadmap for existing PSEs. The policy has delineated four broad Strategic Sectors based on the criteria of national security, energy security, critical infrastructure, provision of financial services and availability of important minerals. In Strategic sectors, bare minimum presence of the existing public sector commercial enterprises at Holding Company level will be retained under Government control. The remaining enterprises in a Strategic sector will be considered for privatisation or merger/subsidiarization with another PSE or for closure. PSEs in non-strategic sectors shall be considered for privatisation, where feasible, otherwise such enterprises shall be considered for closure. The enterprises such as Not-for-profit companies, or providing support to vulnerable groups, or having developmental/promotional roles, etc., are exempted from the scope of the policy. The

timing for specific transactions, will be contingent on the considerations such as appropriate sequencing, sectoral trends, administrative feasibility and investors' interest. The ongoing transactions for strategic disinvestment of CPSEs will not be affected by this policy and shall continue to be undertaken as per the extant procedure.

In other PSEs, where the Government continues to retain control, disinvestment through Minority Stake Sale is carried out through various SEBI-approved methods such as Initial Public Offer (IPO), Offer for Sale (OFS), Buyback of shares etc. from time to time based on prevailing market conditions and investor interest subject to condition that GoI retains 51% shareholding post divestment.

(b) Disinvestment is an ongoing process. Government expects that after privatisation, the strategic buyer will bring funds/technology/new management etc. for optimum development of business potential of the PSEs. The growth of the PSE, post-privatisation, would be able to generate higher economic activity including growth of the ancillary industries, and creation of new job opportunities. The resource unlocked by the disinvestment of PSEs would also be used to finance the social sector/developmental programmes of the Government benefiting the public.

As regards disinvestment of minority stake sale, there are many benefits for the enterprises themselves as well as the economy. The listing of enterprises through IPO and further dilution of stake has enabled improving efficiency and corporate governance of PSEs through better accountability. It has also enabled PSEs to access the capital markets while providing an opportunity to institutions and public at large as investors. It has also led to deepening of capital markets.

(c) In respect of recruitment norms, post-privatisation, the regulations and norms as applicable to private sector will be applicable to privatized PSEs.

(d) The terms and conditions in the Share Purchase Agreement (SPA)/Share Holders Agreement (SHA) for strategic disinvestment/privatisation contain employee related provisions to suitably address employees concerns such as employee protection, gratuity, provident fund. Further, labour laws and regulations relating to protection,

working conditions, welfare etc., as applicable will also continue to be applicable to the privatised PSEs. After privatisation, the prospects of the employees are also expected to improve with the growth in production, productivity and profitability.

Annexure to Rajya Sabha starred Question No. 51 for reply on 25.07.2023.

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

1. **Ongoing Transactions being processed by DIPAM**

S.No.	Name of PSE
1.	BEML Limited
2.	The Shipping Corporation of India Limited
3.	HLL Lifecare Limited
4.	Project & Development India Limited
5.	Ferro Scrap Nigam Limited (subsidiary)
6.	Indian Medicines Pharmaceuticals Corporation Limited
7.	Container Corporation of India Limited
8.	Rashtriya Ispat Nigam Ltd.
9.	NMDC Steel Limited (NSL)
10.	(a) Bharat Petroleum Corporation Ltd (except Numaligarh Refinery Limited)@ (b) BPCL stake in Numaligarh Refinery Limited to a PSE strategic buyer \$
11.	Pawan Hans Limited ##
12.	Central Electronics Limited (CEL)##
13.	Alloy Steel Plant, Durgapur^; Salem Steel Plant; Bhadrawati Steel Plant @ - units of Steel Authority of India Limited
14.	IDBI Bank.

\$Transaction completed.

^ Transaction halted for the time being.

@ EoI process called off due to lack of sufficient Bidder's interest to proceed.

Successful bidder disqualified and transaction has been terminated.

2. **Transactions being processed by respective Administrative Ministries**

S.No.	Name of PSE
15.	Various Units of India Tourism Development Corporation Limited
16.	Hindustan Antibiotics Limited
17.	Bengal Chemicals & Pharmaceuticals Limited

3. Transactions halted as the CPSEs recommended / approved for closure; or any other reason

S.No.	Name of PSE
18.	Hindustan Fluorocarbons Limited (subsidiary) **
19.	Scooters India Limited **
20.	Bharat Pumps & Compressors Limited **
21.	Hindustan Prefab Limited
22.	Units of Cement Corporation of India Limited (Nayagaon Unit) #

** Government approved for closure of the Company.

Transaction not feasible and the mines are being returned to the State Governments.

4. Transactions held up due to litigation

S.No.	Name of PSE
23.	Karnataka Antibiotics & Pharmaceuticals Limited

5. Under Corporate Insolvency Resolution Process (CIRP) in NCLT

S.No.	Name of PSE
24.	Hindustan Newsprint Limited (subsidiary)**

** Resolution Plan of Kerala Industrial Infrastructure Development Corporation (KINFRA) approved by the NCLT, Kochi vide order dated 29.01.2021 is under implementation at present.

6. Transactions not feasible.

S.No.	Name of PSE
25.	Engineering Project (India) Limited
26.	Bridge and Roof Company (India) Limited

7. Transactions Completed

S.No.	Name of CPSE	Name of Strategic Buyer
27.	Hindustan Petroleum Corporation Limited (HPCL)	Oil and Natural Gas Commission (ONGC) (another CPSE)
28.	Rural Electrification Corporation Limited (REC)	Power Finance Corporation (PFC) (another CPSE)
29.	HSCC(India) Limited	National Building Construction Corporation (NBCC) (another CPSE)
30.	National Projects Construction Corporation Limited (NPCC)	WAPCOS Ltd. (another CPSE)
31.	Dredging Corporation of India Limited (DCIL)	Acquired by consortium of 4 major ports.
32.	THDC India Limited (THDC)	National Thermal Power Corporation (another CPSE)
33.	North Eastern Electric Power Corporation Limited (NEEPCO)	National Thermal Power Corporation (another CPSE)
34.	Kamrajar Port Limited	Chennai Port Trust
35.	Air India ^^	M/s Talace Pvt. Ltd.
36.	Neelachal Ispat Nigam Limited (NINL)	TATA Steel Long Products Ltd.

^^ Subsidiaries which are now with AIAHL are still to be divested