

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 323 TO BE ANSWERED ON 19.11.2019

Disinvestment of PSUs

323. DR. VISHNU PRASAD M.K.:
SHRI S. JAGATHRAKSHAKAN:

Will the Minister of **CHEMICALS AND FERTILIZERS** be pleased to state?

- (a) whether the Government has taken a decision to disinvest public sector undertakings under the Ministry;
- (b) if so, the names of the such undertakings and the details thereof;
- (c) whether profit making companies are also being disinvested or privatized and if so, the rationale thereof;
- (d) whether any protest/objections was raised by the stakeholders, especially, employees union and associations; and
- (e) if so, the details thereof along with the steps taken to review the disinvestment decision?

ANSWER

MINISTER OF CHEMICALS AND FERTILIZERS.

(SHRI D. V. SADANANDA GOWDA)

(a) to (c): At present, the restructuring plant of Hindustan organic Chemicals Limited (HOCL), comes under the Department of Chemicals & Petrochemicals, approved by the Government on 17th May, 2017 includes 'in-principle' approval for HOCL to be put up for strategic disinvestment through the Department of Investment and Public Assets Management (DIPAM) after the process of disposing unencumbered land and assets of Rasayani unit of HOCL (that has been closed down under the restructuring plan) is completed. While assets like closed down plants/machinery, utilities and 10 flats at Mumbai have been disposed of, out of the approx. 684 acres land of HOCL at Rasayani that has so far been approved by the Government for sale, about 375 acres land has been disposed of. HOCL have been incurring losses since 2011-12 except the profit earned in 2018-19.

Process of disinvestment of 100% share of Govt. of India in Projects & Development India Limited (PDIL), comes under the Department of Fertilizers,

through strategic sale was approved 'in principle' from Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 27th December, 2016. Alternative Mechanism (AM) in its meeting held on 18th February, 2019 considered and approved the following recommendations of Core Group of Secretaries on disinvestment (CGD):

- i). Rejection of conditional financial bid submitted by Engineers India Limited (EIL) as recommended by CGD.
- ii). Authorize Department of Fertilizers to initiate the process for disinvestment of 100% shareholding of Gol in PDIL to strategic buyer identified through 2-stage auction process.

PDIL has been incurring continuously losses from 2014-15 to 2016-17. Then it has made profit from 2017-18 onwards.

Based on the recommendation of Group of Ministers, the Union cabinet in its meeting held on 28th December, 2016, has decided the strategic sale of Bengal Chemicals and Pharmaceuticals Limited (BCPL) and Hindustan Antibiotic Limited (HAL) (both comes under Department of Pharmaceuticals) after meeting its liabilities from the sale of surplus land to Government agencies. As land could not materialize, the department approached Cabinet again, which was decided, amongst others on 17th July, 2019 that sale of surplus land be as per revised Department of Public Enterprises (DPE) guidelines dated 14th June, 2018.

DIPAM has obtained approval CCEA for sale of 100% Government of India equity in a profit making PSU, namely, Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), comes under the Department of Pharmaceuticals, based on recommendations of NITI Ayog.

(d) & (e): Yes, Sir. Three representations were received from stakeholders especially employees union and association, as detailed under:

- i. During March, 2017, this Department has received a representation regarding merger of PDIL with similar Government Consultancy from staff of PDIL. Meanwhile, DIPAM had also requested to factor in the interest shown by Engineers India Limited (EIL). The conditional financial bid submitted by EIL has been rejected as recommended by CGD. Therefore, the merger of PDIL with EIL could not be done. Thereafter, this Department has again initiate the disinvestment process of PDIL through strategic sale.

- ii. Later, in June 2019, Projects & Development India Limited Employees' Association (PDILEA) had requested DoF to merge PDIL with other giant CPSE. However, Secretary (DIPAM) had clarified that CPSEs may not be allowed to participate in the bidding for PDIL in fresh transactions. However, in the EC meeting held on 17.9.2019, it was informed by JS, DIPAM, that CPSEs will also be allowed to participate in the bidding.
- iii. Employees' unions of BCPL have filed petitions in the Hon'ble High Court of Kolkata against the decision. Hon'ble High Court has set aside the decision of the strategic sale of the Company. An appeal has been filed before the Division Bench of the Court in the matter. In case of KAPL, it has been assigned the responsibility of being the sole manufacture and distribution of Oxytocin in the Country. It has been decided that the decision of disinvestment will not materialized if Government Scheme of manufacturing Oxytocin through public sector receives a confirmation of the higher court.
