

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

LOK SABHA
UNSTARRED QUESTION No. 1312
TO BE ANSWERED ON SATURDAY, SEPTEMBER 19, 2020
Bhadrapada 28, 1942 (Saka)

Disinvestment Target

1312. SHRI SHANMUGA SUNDARAM K.:

SHRI VELUSAMY P.:

SHRI P.K. KUNHALIKUTTY:

Will the Minister of FINANCE be pleased to state:

- (a) whether it was reported that the Government will recommend loss making PSUs identified for strategic stake sale for closure and will not wait endlessly and won't make repeated attempts to get a bidder and if so, the reaction of the Government in this regard;
- (b) the details of steps being taken regarding the assets of the PSUs and the fate of the employees, if the PSUs were closed abruptly without any bidder to revive?
- (c) the number and details of companies or PSUs that were identified/proposed/cleared for disinvestment along with the reasons therefor and the estimated revenue therefrom and the period of pending disinvestment;
- (d) the details of disinvestment target of companies/PSUs set by the Government along with the manner in which the Government will achieve the target of disinvestment; and
- (e) whether it is a fact that Government is planning FDI in Defence productions and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) & (c) The Government follows a policy of disinvestment through minority stake sale and Strategic disinvestment. Strategic Disinvestment implies substantial sale of Government shareholding of a CPSE along with transfer of management control. Policy of strategic disinvestment applies to the CPSEs, which are not in 'priority sector'. For this purpose NITI Aayog has been mandated to identify such CPSEs based on the criteria of (i) National

Security; (ii) Sovereign function at arm's length; and (iii) Market Imperfections and Public Purpose. Profitability and loss are not among the relevant criteria.

Strategic disinvestment of CPSEs is being guided by the basic economic principle that Government should discontinue in sectors, where competitive markets have come of age and economic potential of such entities may be better discovered in the hands of strategic investor due to various factors such as infusion of capital, technological upgradation and efficient management practices; and would thus add to the GDP of the country.

The government has given 'in-principle' approval for strategic disinvestment of 34 CPSEs, including subsidiaries and Units of CPSEs. List of CPSEs, including subsidiaries and Units of CPSEs for which Government has given 'in-principle' approval, is given at **Annexure - I**.

In certain other CPSEs, policy of minority stake sale without transfer of management control through various SEBI approved methods, is being followed in order to unlock the value, promote public ownership and higher degree of accountability. The various modes of disinvestment commonly used for minority stake sale includes Initial Public Offer (IPO)/ Follow on Public Offer (FPO), Offer for Sale (OFS), Buyback of shares and Exchange Traded Funds (ETF).

Transaction receipts on conclusion of disinvestment transactions depend on the prevailing markets conditions and investors' interest.

Government also follows a policy of closure of CPSEs in terms of the approved revised guidelines dated 14.06.2018 issued by the Department of Public Enterprises (DPE). Government may consider closure of the CPSE even in cases earlier approved for strategic disinvestment on a case to case basis.

(b) The guidelines dated 14.06.2018 issued by Department of Public Enterprises on closure of CPSEs addresses the concerns regarding employees and assets.

(d) The Budget Estimate (BE) of disinvestment receipts for 2020-21 from disinvestment of CPSEs was fixed at Rs. 1.20 lakh crore. For disinvestment of Government stake, various modes of disinvestment are used, on a case to case basis, which include Strategic Disinvestment, Initial Public Offer (IPO)/ Further Public Offer (FPO), Offer for Sale (OFS) and Buyback of shares.

(e) FDI Policy with regard to Defence Industry is available on the website of Department for Promotion of Industry and Internal Trade (DPIIT) at <https://dipp.gov.in> .

Annexure-I

List of CPSEs, including subsidiaries and Units of CPSEs for which Government has given ‘in-principle’ approval for strategic disinvestment.

a) Transactions Completed

S.No.	Name of CPSE
1.	Hindustan Petroleum Corporation Limited
2.	Rural Electrification Corporation Limited
3.	HSCC(India) Limited
4.	National Projects construction corporation Limited
5.	Dredging Corporation of India Limited
6.	THDC India Limited
7.	North Eastern Electric Power Corporation Limited
8.	Kamrajar Port Limited

b) Transactions halted as the CPSEs recommended for closure

9.	Hindustan Fluorocarbons Limited (subsidiary)
10.	Scooters India Limited
11.	Bharat Pumps & Compressors Limited
12.	Hindustan Prefab Limited

c) Transactions held up due to litigation

13.	Hindustan Newsprint Limited (subsidiary)
14.	Karnataka Antibiotics & Pharmaceuticals Limited

d) Ongoing Transactions

S.No	Name of CPSE
15.	Project & Development India Limited
16.	Engineering Project (India) Limited
17.	Bridge and Roof Co. India Limited
18.	Units of Cement Corporation of India Limited
19.	Central Electronics Limited
20.	BEML Limited
21.	Ferro Scrap Nigam Limited (subsidiary)
22.	Nagarnar Steel Plant of NMDC Limited
23.	Alloy Steel Plant, Durgapur; Salem Steel Plant; Bhadrawati Steel Plant - units of Steel Authority of India Limited
24.	Pawan Hans Limited
25.	Air India and five of its subsidiaries
26.	HLL Lifecare Limited
27.	Indian Medicines Pharmaceuticals Corporation Limited
28.	Various Units of India Tourism Development Corporation Limited
29.	Hindustan Antibiotics Limited
30.	Bengal Chemicals & Pharmaceuticals Limited
31.	(a) Bharat Petroleum Corporation Ltd(except Numaligarh Refinery Limited) (b) BPCL stake in Numaligarh Refinery Limited to a CPSE strategic buyer.
32.	The Shipping Corporation of India Limited
33.	Container Corporation of India Limited
34.	Neelachal Ispat Nigam Limited

