

**GOVERNMENT OF INDIA  
DISINVESTMENT  
LOK SABHA**

UNSTARRED QUESTION NO:2262  
ANSWERED ON:30.07.2002  
SALE OF PSUS  
ANANTRAO GUDHE

**Will the Minister of DISINVESTMENT be pleased to state:**

- (a) whether Apex Association of Public Sector Undertakings SCOPE has suggested the Government not to sell stakes in infrastructure and economically strategic PSUs to strategical partners as such route is good only for units for consumer products and services;
- (b) if so, the details of the proposal made by the SCOPE;
- (c) the reaction of the Government to the same; and
- (d) the details of action taken/proposed to be taken thereon?

**Answer**

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a) & (b) The Standing Conference of Public Enterprises in a Memorandum on Disinvestment in Public Sector Undertaking prepared in September 2000 and in an Approach Paper titled 'From Public to Professional Sector : The third option', prepared in January 2001 had suggested, inter-alia, following three routes: -

- (i) Strategic enterprises : To continue as public sector with selective disinvestment or strategic alliances as the government may determine.
- (ii) Economically strategic enterprises which have the potential to be globally competitive: To continue as professional public sector with government ownership reduced to below 50% and controlled by the Public Sector Development Trust (PSDT).
- (iii) Non-strategic enterprises : To attract privatisation / disinvestment / closure in a phased manner according to government laid priorities but the programme operationalised by PSDT. To gain maximum value these may need to be restructured first.

The report also suggested that the Government-owned shares will be sold to the Public Sector Development Trust (PSDT) against issue of bonds/promissory notes equal in value to the shares. The bonds would become redeemable and payable to the Government over varying periods of time as may be agreed. Once the Government has received consideration for the shares, the ownership will get transferred legally to the Trust and eventually other shareholders.

(c) & (d) The views expressed by SCOPE, especially the concept of 'Professional sector', provide a perspective which has inherent limitations. There is no adequate justification, based on facts or national or global experience, behind such recommendations. Disinvestment in public sector enterprises is being done as per the declared policy of the Government to bring down the Government equity in non-strategic PSUs to 26% or lower, in the generality of cases. In strategic PSUs, viz., arms and ammunition and allied items of defence equipment, defence aircraft and warships; atomic energy; railway transport, the Government will continue to retain majority Government holding. For the non-strategic Public Sector Undertakings, the reduction of Government stake to 26% would not be automatic and the manner and pace of doing so would be worked out on a case-to-case basis. As such, there is no need to make any change in the Government's approach to disinvestment of CPSUs, based on 'strategic' and 'non-strategic' considerations, which has evolved over a decade and has now started yielding good dividends.