

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

STARRED QUESTION NO:205

ANSWERED ON:03.12.2002

DISINVESTMENT OF PSUs

CHANDRAKANT BHAURAO KHAIRE;KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether Government equities in thirty public sector undertakings are proposed to be disinvested during the next financial year;
- (b) if so, the PSUs proposed to be disinvested during the said period and funds likely to be mobilised as a result thereof;
- (c) whether all the PSUs enlisted for disinvestment are incurring losses;
- (d) if not, the facts in this regard alongwith the financial position of each of these PSUs; and
- (e) the obstacles faced by the Government in the implementation of disinvestment process ?

Answer

THE MINISTER OF DISINVESTMENT, MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION AND MINISTERS OF COMMERCE AND INDUSTRY (SHRI ARUN SHOURIE):

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

Statement

(a) There are thirty five cases where the decision to disinvest has been taken and disinvestment is in progress, seven cases of hotels in the Joint Sector, where Government is in discussion with State Governments, two cases where the disinvestment has been deferred for three months w.e.f. 7th September, 2002, two cases where the disinvestment process has not been restarted after there was no response earlier, one case of disinvestment through sale of residual shares in the market and seven cases in which recommendations for disinvestment have been received from the Disinvestment Commission, but no decision has yet been taken by the Government, as per details in Annexure.

(b) No target has been fixed so far for the year 2003-04. The amount of realisation from disinvestment depends upon various factors such as the company's fundamentals, bidder's interest, market conditions and other associated factors.

(c) and (d) No, Sir. Out of forty seven cases, twenty eight cases are loss-making units. In addition, out of seven cases received with the recommendation to disinvest from the Disinvestment Commission, two are loss-making. The financial position of each of the PSUs for the year 2000-2001 as per the Public Enterprise Survey 2000-2001 is given in Annexure.

(e) Implementation of disinvestment decisions is a procedurally complex and time consuming task. The procedure evolved for disinvestment provides for detailed and multi-layered Inter-Ministerial consultations and joint decision making. Though time consuming, this is necessary in the interest of transparency and to ensure that different view-points can be harmonized. Often the status of assets and liabilities of PSUs need to be refined to acceptable levels before they can be disinvested. In loss-making PSUs there may be need for restructuring, which is also time consuming. To ensure that there is no distress sale and the best price is realised for the shares sold, the Government carefully calibrates the timing of the disinvestment process, which can also cause delays.