

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7196

ANSWERED ON:13.05.2005

ACCELERATING DISINVESTMENT

Barman Shri Ranen;Kaswan Shri Ram Singh;Modi Shri Sushil Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating to accelerate the disinvestment process by selling off its share holding in some public sector companies during the current financial year;
- (b) if so, the names of these companies and the percentage of share holding to be sold off; and
- (c) the purpose for which the said sale proceeds are likely to be utilized?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) & (b) Government has decided, in principle, to list large, profitable Public Sector Enterprises (PSEs) on domestic stock exchanges and to selectively sell a minority stake in listed, profitable PSEs while retaining atleast 51% of the shares alongwith full management control so as not to alter the Public Sector character of the companies. No decision has, however, been taken so far for disinvestment of any specific Public Sector Enterprise. All decisions will be taken on a case-by-case basis to optimize the Government's realisation from disinvestment.

(c) Government has decided that with effect from 1st April 2005 the realisations from disinvestment of Public Sector Enterprises (PSEs), which are credited to the Consolidated Fund of India will be appropriated from the Consolidated Fund of India for the creation of the National Investment Fund (NIF). The NIF would be professionally managed by selected Public Sector Financial Entities, with the requisite experience, to provide sustainable returns to the Government without affecting the corpus. The income from the NIF would be credited to the Consolidated Fund of India and would thereafter be appropriated to finance selected social sector schemes, which promote education and health care and for capital investment in selected profitable and revivable PSEs that yield adequate returns, in order to enlarge their capital base and to finance their expansion / diversification.