

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA

UNSTARRED QUESTION NO: 873

ANSWERED ON:04.03.2005

DISINVESTMENT OF PSU

ANANT KUMAR HEGDE

(a)whether the Government proposes to sell the shares of the public sector companies including Bharat Heavy Electrical Ltd.;

(b)if so, the separate details thereof alongwith present Government holding in the existing PSUs; and

(c)the sectors on which the proceeds from the disinvestment of PSUs is proposed to be spent?

Will the Minister of FINANCEbe pleased to state:-

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI 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 disturb the Public Sector character of the companies. No specific decision has, however, been taken with respect to BHEL or any other Public Sector Enterprise.

(c)Government decided on 27th January 2005 to constitute a "National Investment Fund" into which the realisation from sale of minority shareholding of the Government in profitable PSEs would be channelised. The Fund would be maintained outside the Consolidated Fund of India and would be professionally managed by selected Public Sector Financial entities, which have the requisite experience to provide sustainable returns to the Government without affecting the corpus. The income from the Fund would be used for the following broad investment objectives: -

(i)Investment in social sector projects which promote education, health care and employment;

(ii)Capital investment in selected profitable and revivable Public Sector Enterprises that yield adequate returns, in order to enlarge their capital base to finance expansion/ diversification.