

you may have to import cotton. Therefore, will the hon. Minister clarify regarding my question that...

MR. CHAIRMAN: Sorry, Question Hour is over.

## WRITTEN ANSWERS TO QUESTIONS

### Recommendations of Rangarajan Committee

\*25. SHRI SANGH PRIYA  
GAUTAM:  
SHRI O. RAJGOPAL:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have accepted the recommendations of the Rangarajan Committee on public sector disinvestment;

(b) if so, what are the details of the main recommendations of the committee; and

(c) what steps Government have taken to implement those recommendations?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED):

(a) to (c) The Report of the Rangarajan Committee on Disinvestment of Shares in Public Sector Enterprises was received by Government of India on 20th April, 1993. The recommendations of the Committee relate to several aspects of disinvestment policy including limits of equity to be disinvested, criteria for valuation of shares, preparatory steps and *modus operandi* of disinvestment. The major recommendations are listed in the enclosed statement. (see below) The Report of the Committee is under examination of the Government.

### Statement

#### Summary of the major recommendations of Rangarajan Committee on disinvestment of shares in PSEs

##### A. Limits of equity to be disinvested

The Committee has recommended the target levels of Government ownership in respect of all units reserved the public sector should be 51 per cent to enable control over management. target level of 26 per cent of public ownership could be considered in exceptional cases. There should be special reasons for continued Government ownership of enterprises not reserved for public sector. In general, the percentage of equity to be disinvested should be under 49 per cent in industries reserved for public sector and over 74 per cent in other cases.

##### B. Criteria for valuation of shares

Among the three criteria viz. net asset value, profit earning capacity and discontinued cash flow value, discontinued cash flow has the greatest relevance, though it is the most difficult to operationalise. Each company will need to be studied carefully with help of a merchant banking firm taking into account factors such as value of assets, its market share, potential profit earning capacity and the prevailing price in the market for shares of similar enterprises in the private sector.

##### C. Preparatory Steps

The preparatory steps recommended by the Committee include conversion to company form, wherever necessary, deciding the desirable level of equity and restructuring the financials with proper debt/equity gearing, assessing on-going plan of PSEs and examining the scope of issuing convertible bonds as a measure of resource mobilisation in PSEs.

##### D. Modus operandi of disinvestment

The Committee has recommended that once a reasonable market price is established

lished in a normal trading atmosphere over a reasonable period of time, the fixed price method, would be appropriate. In all other cases, the section method with wide participation may be adopted.

### **E. Standing Committee on Public Enterprise disinvestment:**

The Committee has suggested that the Government may consider creating a Standing Committee on Public Enterprises Disinvestment to recommend enterprise-specific action for reforms, restructuring and disinvestment as well as monitoring and evaluating the process of implementation.

### **S.T.D. facilities in Andhra Pradesh**

\*26. DR. NARREDDY THULASI REDDY: Will the Minister of COMMUNICATIONS be pleased to state:

(a) what are the places in Andhra Pradesh which have been provided with S.T.D. facilities so far; and

(b) what are the places which are proposed to be provided with S.T.D. facilities during the year 1993-94?

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI SUKH RAM): (a) The list of places is given at Statement-I (See below)

(b) The list of places is given at Statement-II.

### **Statement I**

*List of Places provided with STD Facility in Andhra Pradesh as on 31-03-1993*

### **CIRCLE ANDHRA PRADESH**

S.No. Station

- 1 Achanta
- 2 Adilabad
- 3 Adoni

S. N. Station

- 4 Akivedu
- 5 Alamuru
- 6 Allagadda
- 7 Amalapuram
- 8 Amaravathy
- 9 Ambajipetta
- 10 Amudalavalasa
- 11 Anakapalli
- 12 Anantapur
- 13 Anaparthi
- 14 Annavaram
- 15 Armoor
- 16 Atmakur
- 17 Atmakur
- 18 Attili
- 19 Avanigadda
- 20 Balachoruvu
- 21 Ballampally
- 22 Banaganapalle
- 23 Bapatla
- 24 Basanth Nagar
- 25 Bellampalli
- 26 Bethamcherla
- 27 Bhadrachalam
- 28 Bhimadole
- 29 Bhimavaram
- 30 Bhimunipatham
- 31 Bhongir
- 32 Bibinagar
- 33 Bobbili
- 34 Bodhan
- 35 Bollaram
- 36 Buchireddipalem