

Disinvestment policy

43. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

- (a) whether Government have finalized the disinvestment policy;
- (b) if so, the details thereof; and
- (c) if not, by when the new disinvestment policy is likely to be framed?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The policy of the Government stated in the National Common Minimum Programme is as follows: "The Government is committed to a strong and effective public sector whose social objectives are met by its commercial functioning. But for this, there is need for selectivity and a strategic focus. It is pledged to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. Generally profit making companies will not be privatised.

All privatisations will be considered on a transparent and consultative case-by-case basis. The existing "navaratna" companies will be retained in the public sector while these companies raise resources from the capital market. While every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation. The Government will induct private industry to turn around companies that have potential for revival.

The Government believes that privatisation should increase competition, not decrease it. It will not support the emergence of any monopoly that only restricts competition. It also believes that there must be a direct link between privatisation and social needs-like, for example, the use of privatisation revenues for designated social sector schemes. Public sector companies and nationalised banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors."

- (c) Does not arise in view of the replies at (a) and (b) above.