

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1505**  
TO BE ANSWERED ON TUESDAY, MARCH 15, 2022  
24 PHALGUNA, 1943 (SAKA)

**Accruing Rupees 1.75 lakh crores through disinvestment**

**1505. Dr. Kanimozhi NVN Somu :**

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any plan of Government to accrue ₹ 1.75 lakh crores through disinvestment in the coming fiscal;
- (b) the aims and objectives to privatise the Public Sector Undertakings (PSUs) in the country;
- (c) whether some of the PSUs are incurring losses and, if so, the reasons therefor;
- (d) the factors responsible for the losses incurred by the Rashtriya Ispat Nigam Limited (RINL); and
- (e) whether Government proposes to extend handholding to RINL to come out of losses, and if not, the reasons therefor?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(DR. BHAGWAT KISHANRAO KARAD)**

**(a):** The Budget Estimate (BE) and Revised Estimate (RE) of disinvestment receipts are Rs.1,75,000 crore and Rs. 78,000 crore respectively in FY 2021-22. The Budget Estimate (BE) for disinvestment receipts during FY 2022-23 has been fixed at Rs.65,000 crore.

**(b):** The policy on strategic disinvestment/privatization is based on the economic principle that Government should discontinue in sectors, where competitive markets have come of age and economic potential of such entities may be better discovered in the hands of strategic investor due to various factors such as infusion of capital, technological upgradation and efficient management practices. In February, 2021, a new Public Sector Enterprise (“PSE”) Policy was announced as part of the Atmanirbhar Bharat initiatives which lays down a broad roadmap for PSEs. Under New Public Sector Enterprise (“PSE”) Policy public sector commercial enterprises have been classified as Strategic and Non-Strategic sectors. Four broad Strategic

Sectors have been delineated based on the criteria of national security, energy security, critical infrastructure, provision of financial services and availability of important minerals. These include (i) Atomic Energy, Space and Defense; (ii) Transport and Telecommunication; (iii) Power, Petroleum, Coal and other minerals; and (iv) Banking, Insurance and Financial Services. In Strategic sectors, bare minimum presence of the existing public sector commercial enterprises at Holding Company level will be retained under Government control. The remaining enterprises in the strategic sector will be considered for privatisation or merger /subsidiarization with another PSE or for closure. PSEs in non-strategic sectors shall be considered for privatisation, where feasible, otherwise such enterprises shall be considered for closure

**(c):** As per the information available with the Department of Public Enterprises (DPE), 77 CPSEs are incurring losses during FY 2020-21. The reasons for losses vary from CPSE to CPSE. However, some of the likely reasons for losses include; resource crunch, low productivity, unsustainable business operations, old and obsolete plant & Machinery, outdated technology, low capacity utilisation, poor debt equity structure, excess manpower, weak marketing strategies, stiff competition, lack of business plans, heavy interest burden, high input cost etc.

**(d):** The major factors responsible for the losses incurred by the Rashtriya Ispat Nigam Limited inter-alia include high direct and indirect cost, lower net sales realization of steel product and high raw material cost.

**(e):** The Cabinet Committee of Economic Affairs (CCEA), in its meeting held on 27.01.2021, has accorded 'in-principle' approval for 100 % disinvestment of Government of India (GoI) shareholding in Rashtriya Ispat Nigam Limited (RINL) (also called Vishakhapatnam Steel Plant or Vizag Steel) along with RINL's stake in its Subsidiaries / Joint Ventures through strategic disinvestment by way of privatisation.

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