



# IAS PARLIAMENT

*Information is Empowering*  
A Shankar IAS Academy Initiative

## Concerns with Dis-investments

### What is the issue?

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- Union government is taking various disinvestment plans to get rid of fiscal burdens.
- Lack of transparency in operations of PSUs hinders the disinvestment plans.

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### What are the process involving in disinvestment?

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- The disinvestment programme of the public sector units usually made through

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1. **Market sales** - This a direct sale method, where PSUs returns capital to the Union government through buyback offer.
2. **New listings** - This method involves sales through stock markets, by which IPOs for various companies are announced.
3. **Strategic sales** - This is through giving up shareholdings of the PSU companies which needs to be disinvested.

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### What are the concerns with this disinvestment programme?

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- The disinvestment measures stated were made possible, with a certain effort from the government.

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- But the disclosures by the PSUs for their IPOs lack sufficient company level data on segment wise revenues, products, clients and key data on costs and profits.

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- This attitude of withholding information is not helping as the competing private entities and listed companies disclose their operations.

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### **What changes are needed to improve ratings of the PSUs?**

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- Union government has to learn from the private sector firms, which prepare for the debut with corporate campaigns and multi media advertising before IPOs.

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- Before disinvestments the head of the PSUs should make media appearances presenting the prospectus and vision of the organisation.

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- The offering window has to be extended to ensure the prospective investors have time to study the PSUs and make the purchase.

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- The timing for IPOs also has to be worked out such that the PSUs profits are rising and it is presented positively.

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**Source: Business Line**

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