

# Disinvestment Policy of India During 2014 to 2020: An Overview

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**Abstract-** This article provides a brief overview of the Indian public sector, and discusses changes in government policy toward the public sector. This essay also addresses some disinvestment-related questions, including why, how much, and how to implement disinvestment, as well as its conclusion.

**Keywords -** Disinvestment, management, public sector, and government policy.

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## ECONOMIC SITUATION AND NEW GOVERNMENT

In the final months of FY14, India faced numerous economic difficulties. Fiscal deficit as a percentage of GDP was 4.6%. (Ministry of Finance, Government of India, 2014). The growth rate in 2013–14 was 6.4%. Additionally, in FY14, the disinvestment aim could not be achieved. The budgeted plan expenditure of INR 5,55,532 crore for the relevant FY has to be reduced by INR 79,790 crore as a result. During this time, the public sector underperformed as well. Out of a total of 234 companies, 71 companies suffered losses totaling INR 20,055 crore, while 163 companies saw profits of INR 149,164 crore. Table 19 provides evidence of the CPSEs' poor performance by displaying their deteriorating financial ratios over the previous six years.

**Table 1: Financial ratio of CPSEs since FY08**

Ratio	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Return on capital employed	21.05	17.95	17.62	13.81	13.97	12.56	12.93
PBDIEET to capital employed	26.94	23.88	23.64	18.77	18.74	16.97	16.92
Net profit to capital employed	11.21	10.57	10.15	7.08	7.34	7.62	7.53
Net profit to turnover	7.41	6.59	7.41	6.15	5.39	5.91	6.26

Source: PSE Survey (2013-14)

The UPA's reputation suffered after the corruption scandals that emerged as a result of irregularities in the distribution of 2G spectrum, coal blocks, etc., as well as a slower development rate. The XVth Lok Sabha elections were held in April and May 2014, and the BJP-led NDA coalition won with a commanding majority (Singh, 2014). Despite the BJP's electoral platform being mute on disinvestment, rumours persisted due to the NDA government of Atal Bihari Vajpayee's prior experience with privatisation (Bharatiya Janta Party, 2014). Leading business publications claimed that the BJP's win would trigger a

strategic sale that would lead to privatisation (Vaishnav, 2017).

## Disinvestment Policy

Contrary to expectations of strategic sale, in the first FY the government decided to retain state control over CPSEs. The Public Enterprise Survey of 2014-2015 stated that policy of disinvestment "envisages developing people's ownership of Central Public Sector Enterprises to share in their wealth and prosperity while ensuring that the Government equity does not fall below 51% and Government retains management control" (Ministry of Heavy Industries and Public Enterprises, 2016). The government just raised the interim budget's disinvestment aim from INR 51,925 crore to INR 58,425 crore in the FY15 budget; no disinvestment strategy was outlined. Given this situation, 10% of CIL and 5% of Steel Authority of Limited were offered for sale in FY15 (SAIL). Five additional CPSEs sold shares to staff members. They sold the employees an average of 0.1% of the total number of shares.

A new disinvestment policy with four goals was announced by the government in 2016 (Ministry of Heavy Industries and Public Enterprises, 2017):

1. Promote public ownership of CPSEs;
2. Efficient management of investment in CPSEs;
3. Listing of CPSEs to deepen the capital market; and
4. Raise budgetary resources.

We discuss the steps taken to achieve the policy objectives in this section. It is mostly distributed on

three levels. We start out by going through some of the procedural changes and the return of strategic disinvestment. We also discuss the expanded responsibilities of the Department of Defense (DOD), now known as the Department of Investment and Public Asset Management (DIPAM), as well as the responsibilities of NITI Aayog, a brand-new organisation that was established in January 2015 to replace the Planning Commission. Second, the government continued several of the UPA government's tactics for disinvestment through the sale of minority stakes, including buybacks, public offers, OFS through stock exchanges, and ETFs. Third, we examine the fresh possibilities the government is considering to boost the disinvestment revenues, such as selling off surplus CPSE assets, selling shares of competitors, and selling stakes in a specific Unit Trust of India undertaking (SUUTI). Although some of these strategies might not result in a decrease in the government's ownership in public sector companies, the money raised through these choices is being taken into account as part of the disinvestment proceeds. These actions may be made to solve the issue of the expanding budget deficit.

Additionally, we examine the new method for closing businesses because, in cases where a business cannot be sold or acquired, a successful closure process is required. For instance, certain companies that were first offered for strategic sale during this phase are now being considered for closure since the transactions fell through. In addition to the new legislation framework of the Insolvency and Bankruptcy Code, the government has established a new administrative path for the liquidation of businesses (IBC). It should be mentioned that the NDA was re-elected in 2019 and is currently serving out its second term while continuing its disinvestment programme.

### Strategic sale

In the budget speech of FY15, the government announced that disinvestment proceeds will include disinvestment in loss making units, and 'some strategic disinvestment'. But it was one year later in the budget speech of FY17, the government announced its policy on strategic sale and steps to carry them out (Ministry of Heavy Industries and Public Enterprises, 2017). The process was started by giving NITI Aayog the power to advise on strategic disinvestment after consulting with several ministries and departments. Once the companies have been determined, the recommendations are sent to the DIPAM (formerly DOD) for execution of the procedure. NITI Aayog is required to identify the companies and provide advice on the form of sale, the proportion of shares to be sold, and the techniques for valuation under this mandate (Department of Disinvestment, Ministry of Finance, 2016). Additionally, the CGD was given instructions to take into account NITI Aayog's recommendations in order to facilitate the CCEA's

decision on strategic disinvestment and to oversee/monitor the implementation process.

NITI Aayog considered the factors of national security, sovereign role at arm's length, market defects, and public purpose to determine the companies for strategic sales (Lok Sabha, 2020). The CCEA adopted the first and second tranche recommendations on strategic disinvestment that NITI Aayog delivered by the end of 2016. (Press Information Bureau, 2017b). 103 33 businesses, including subsidiaries, units, and joint ventures, from non-strategic industries have so far been designated by NITI Aayog for strategic sale.

The government has said that it would release a new list of important industries in 2020 where at least one and up to four public sector companies would coexist with private sector companies. CPSEs will be privatised in other areas, although the timetable will depend on feasibility (Press Information Bureau, 2020).

The government announced the strategic sales of three pharmaceutical firms: Hindustan Antibiotics Limited (HAL), Bengal Chemicals & Pharmaceuticals Limited (BCPL), and Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), based on the NITI Aayog's recommendations in 2016 and 2017. (Press Information Bureau, 2019a). 105 The government also removed the HPCL and BPCL purchase laws in 2016 to allow for strategic disinvestment in the oil industry. The last attempt to divest these companies was put on hold in 2003 when the Supreme Court ruled that, due to the relevant acquisition laws, divestment was not permitted without prior parliamentary consent.

The government stated that CPSEs may be combined, merged, or bought to establish an integrated market during the union budget speech of FY18. To "strengthen the enterprises so they can withstand bigger risks, avail of economies of scale, take higher investment decisions and create more value for the stakeholders," is how the government justifies this move (Government of India, 2017). The oil and gas industry was mentioned as a potential option for integrating. In response, the government suggested to develop integrated oil major. The oil and gas industry was mentioned as a potential option for integrating. In response, the government suggested developing an integrated oil major. Even however, as was mentioned in Phase 1, the Sengupta Committee, which was established in 1998, had previously advocated for consolidation in the oil industry. As a result, Phase 4 saw the strategic sales of some large companies, including HPCL and REC Ltd. These sales were made to another CPSE in order to promote vertical integration in the market.

The government published a list of 28 CPSEs that were approved for strategic sales on November 19, 2019. Navratna companies including BPCL, Container Corporation of India (CONCOR), and

Shipping Corporation of India (SCI) were on the list (Press Information Bureau, 2019g). The government's decision to give a "strategic buyer" management control and the majority of the shares raised market anticipation for the long-awaited privatisation (Roychoudhury, 2019). 108 Additionally, this was a change in policy from the previous administration, which had prohibited the sale of businesses that were profitable.

However, the government stated on November 20, 2019, that it will maintain "management control" while considering reducing its stock below 51% on a case-by-case basis (Press Information Bureau, 2019c). A mixed approach to strategic sale, including privatisation with transfer of management control, privatisation without transfer of management control, and CPSE to CPSE sale, is indicated by these policy actions, according to an analysis of them. By the end of 2019, 33 businesses received "in-principle" approval from the CCEA to sell their majority stake and transfer managerial control (Press Information Bureau, 2019f).

### **Sale procedure**

Although the government essentially adopted the NDA government's method during the second phase, it was considered that the process needed to be reviewed and improvements made based on lessons learned from earlier experiences, such as CAG audit findings. 110 For example, the "post-closing adjustment" clause in previous transactions led to numerous conflicts. The new process tries to structure the agreements in a way to do away with adjustment provisions as a result (DIPAM, Ministry of Finance, 2018b). Here, we go through a few of the significant changes.

First, the process of determining the final price clearly takes into account the worth of non-core assets, which was a point of controversy in prior privatisation agreements. The "relative value" method, which is based on benchmarking with equity transactions involving similar organisations, has been presented in addition to the existing valuation techniques, such as DCF and assets valuation. However, finding comparables to use this method of determining a reliable valuation may be challenging given the nature of public sector businesses and public ownership.

Secondly, the updated approach mandates that surplus land be divided up before requesting EOIs and that the company's rights, including encumbrances, be explicitly revealed in the EOIs (DIPAM, Ministry of Finance, 2018a). Land used to be a point of conflict. For more than ten years, there was a controversy over the demerger of surplus land in the case of the privatisation of VSNL.

Third, a monitoring committee known as the Independent External Monitor (IEM), which was composed of the former Chief Justice of India, the former Chief Administrative Judge, and the former

Chief Vice Chairman, was established to oversee the entire process through an advising function (DIPAM, Ministry of Finance, 2018b). This may have been done to increase the process' credibility, deter future scandals, or both, and encourage potential buyers.

Fourth, the government made the decision to streamline the strategic sale procedure. Since the CCEA's involvement in decision-making took time, it was granted certain powers in 2017 to hasten the strategic sale process. As a result, the Finance Minister, Minister for Road Transport and Highways, and Minister of Administrative Department formed a new decision-making body known as Alternative Mechanism (AM). Therefore, following in-principle approval from the CCEA, AM shall determine the terms and circumstances of the sale from the time of seeking EOIs through the time of soliciting financial bids (Press Information Bureau, 2017a). The final CCEA permission is only requested once the buyer has been located. Additionally, not only is the CGD permitted to make policy judgements regarding procedural matters, but it also has the authority to diverge if required in order to carry out CCEA decisions.

After the CCEA gave in-principle approval for the strategic disinvestment later in 2019, AM was given the power to decide on the number of shares to be transacted, the method of sale, the final pricing of the transaction, or to establish the principles/guidelines for such pricing, as well as the choice of a strategic partner/buyer and the terms and conditions of sale. Additionally, it could decide on CGD's suggestions regarding the timing, cost, terms and conditions of the sale, and any other transaction-related matter. Fifth, the disinvestment process underwent adjustments in October 2019. As a result, DIPAM's duty for generating strategic sales was increased. First, the secretary of DIPAM and the representative of NITI Aayog were added to a consultative committee. This group's primary responsibility is to refine the NITI Aayog's suggestions before submitting them to IMG for consideration in the selection of CPSEs for strategic disinvestment (DIPAM, Ministry of Finance, 2019a).

Prior to that, NITI Aayog conducted the firm selection process. Second, the IMG's membership was altered; it will now be co-chaired by the secretaries of the relevant administrative ministries and DIPAM. In light of this modification, the IMG has been given a number of responsibilities, including the obligation to advise the CGD on matters such as the number of shares to be sold, their timing, mode of sale, and final price, as well as the choice of the strategic buyer and the terms and conditions of the sale (DIPAM, Ministry of Finance, 2019b).

### **Minority sale**

A push for minority interest sales during Phase 4 resulted in approximately 78% of the disinvestment

proceeds from FY 15 to FY 20. (See, section 4.3.3.) This may be due in part to the government extending the mandate of a 25% Minimum Public Shareholding (MPS) to listed CPSEs in 2014, prior to the implementation of the disinvestment policy, which had previously only applied to non-government listed companies since 2010. Although government enterprises were placed on an equal footing with privately owned firms, the regulations have not yet been put into effect.

The action plan for the disinvestment of minority stakes in profitable CPSEs stayed the same despite the government's announcement of a new disinvestment strategy in 2016. (Ministry of Heavy Industries and Public Enterprises, 2017). Which are:

- Meeting the MPS through 'offer for sale' of shares either by the government or by the CPSE through issue of shares or a combination of both;
- Listing the firms with no accumulated losses and having earned net profit in three preceding Consecutive years; and
- Issuing follow on public offers.

### OFS through stock exchange to meet MPS

The government commonly employed the route of OFS through stock exchange to meet the criteria because the minimum level of public float was raised. The feedback from the stakeholders, particularly DIPAM, led SEBI to make a number of improvements to this system from time to time. These adjustments are:

1. **Eligibility:** Initially the OFS route was available to only top 100 listed companies based on average market capitalisation and only promoters could exercise this option. In 2014 this option was extended to top 200 companies and also to non-promoters who held minimum 10% shares in the company (SEBI, 2014) In 2018, the OFS was further expanded and applied to companies with market capitalisation of Rs 1,000 crore or more.

2. **Retail buyers:** The examination of participation by investors in the CPSE stake sale showed low retail participation (SEBI, 2014). Several measures were taken to address this problem. In 2014, reservation of minimum 10% of the offer size for retail buyers was made compulsory. The seller was given the discretion to give discount to retail investors either on the bid price or cut off price. In 2016, separate trading day for non-retail (T) and retail (T+1) investors was introduced (SEBI, 2016).

3. **Notice to the exchange:** The original requirement for sending notice to the stock exchange

was T-2 days. This went through several changes and finally stands revised to T-1 day (SEBI, 2016). At present, the seller can send the notice of OFS on the day (T-1) immediately before the trading day latest by 5 pm. Even the floor price can be mentioned but only after the closure of trading hours. This leaves less room for speculation in stock prices due to minimal time gap between the disclosure of news and the trading day. For instance, the notice of OFS in Coal India Ltd was sent to BSE on October 30, 2018 and the OFS was to open on October 31 at 9:15 am onwards (Ministry of Coal, Government of India, 2018).

### Compulsory buyback

In 2016, CPSEs received instructions on how to comply with specific capital restructuring standards, including mandatory dividend declaration, "buy-back of shares," issuance of bonus shares, and share splitting. The Secretary of DIPAM "tweeted" on May 3, 2017, to clarify that these regulations were implemented to increase returns from government investments in the government enterprises, notwithstanding rumours about the motivation behind the new norms. Since the implementation of the mandatory repurchase, the government has repeatedly utilised this method to sell its minority holding in a number of companies (Comptroller and Auditor General of India, 2018).

Although share buybacks were authorised as a means of achieving the disinvestment aim in 2012 under the UPA government, they were not made mandatory. Additionally, it is not apparent whether buybacks are consistent with the disinvestment strategy, which encourages individual ownership of businesses because they extinguish shares as they are sold back to the company rather than being handed to the public. The buyback's proceeds are currently regarded as disinvestment proceeds.

### Exchange Traded Funds

As part of the disinvestment policy, the government adopted the route of ETFs since "it allowed simultaneous sale of stake in various CPSEs across diverse sectors through a single offering and avoids the necessity to go to the market repeatedly for divesting different stocks." (Ministry of Heavy Industries and Public Enterprises, 2017). The government also supports ETFs since they allow shareholders liquidate their shares with less market disruption than with public offers of listed companies. CPSE ETF was introduced already in March 2014, during Phase 3.

The government announced during the FY18 budget speech that it has decided to introduce one more ETF due to the positive response to the additional fund offer of the CPSE ETF. 116 As a result, the Bharat-22 ETF, which consists of 16 CPSEs, 3 public sector banks, and 3 private firm equities owned by the SUUTI, was introduced in November

2017. The S&P Bharat 22 index serves as the underlying index. In 2017, the government gave the AM permission to make all ETF-related disinvestment decisions, including how to assemble its portfolio (Comptroller and Auditor General of India, 2018).

### **Listing of CPSEs**

In accordance with the disinvestment strategy, the government said in the budget address for 2017–18 that it will implement a revamped system to ensure time-bound listing of CPSEs (Government of India, 2017). The purpose of listing CPSEs, according to a revised process and procedure released by DIPAM in February 2017, is to reveal their true value, support public ownership, raise the bar for disclosure, and encourage accountability (DIPAM, Ministry of Finance, 2017). According to the protocol, the administrative ministry, department, and DIPAM were to determine which companies met the requirements for eligibility based on their net worth, accumulation of losses, and net profit during the previous three fiscal years. Additionally, it outlined the IMG's constitution for the appointment of advisers and mediators to oversee the process of disinvestment via public offer. A rough timeline of 165 days has been established from the day the administrative ministry or department identifies the firms to the opening of the public offer in order to guarantee the timely listing of CPSEs.

The government periodically approved the listing of CPSEs throughout this timeframe. However, the CAG raised concerns about the slow rate of listing of unlisted CPSEs during its compliance assessment of CPSEs and noted that as of August 31, 2018, 59 firms had been listed despite the fact that there were a total of 90 CPSEs that matched the profitability criterion. By the end of June 2019, CSL, HAL, BDL, MIDHANI, RITES, IRCON, RVNL, and MSTC had been listed, while the listing of CPSEs KIOCL, MDL, IRCTC, NEEPCO, THDCIL, RAILTE, and IRFC was in the works, according to DIPAM's submission in answer to the CAG's inquiry (Comptroller and Auditor General of India, 2018). Furthermore, it was made clear that a sufficient amount of time passed between CPSE listings in order to prevent lower valuations and lukewarm investor response. Seven CPSEs were accepted for listing by the CCEA in December 2018. (Press Information Bureau, 2018b).

### **New avenues of disinvestment**

The government has developed new strategies to increase disinvestment earnings over time, as well as broadened the scope of disinvestment. DIPAM has been given permission to oversee and carry out the procedure for this reason.

### **Sale of enemy shares**

A process and mechanism for selling enemy shares held by the Ministry of Home Affairs (MHA)/Custodian of Enemy Property of India (CEPI) were established

by the cabinet in 2018. (Press Information Bureau, 2018a). The purpose of this act, according to the government, is to monetize enemy shares that have lain dormant since the Enemy Property Act of 1968 went into effect. Prior to the publication of the procedure, the Enemy Property Act, 1968 was amended in 2017, expanding the definition of "enemy" to include the legal successor or succesor of an enemy, whether they are Indian citizens or not, as well as enemies whose nationality has changed. Previously, citizens were not included. The AM and a High Level Committee would decide on the quantum, price/price band, principles/mechanisms for sale of shares, etc. in accordance with the agreed procedure. While DIPAM would be in charge of carrying out the deal. Additionally, it has been determined to put the sale proceeds in the government account's disinvestment proceeds.

### **Asset monetization**

The administration acknowledged the underutilization of public sector assets in the FY17 budget address and stated its aim to use the assets to generate money for deployment in new projects (Government of India, 2016a). 119 NITI Aayog was given the task of identifying the CPSEs for this reason. In order to acquire money to fund new initiatives and unlock the value of businesses' unproductive assets, the government approved the "asset monetization" policy in 2019. (DIPAM, Government of India, 2019). The following class of assets is the target market for the policy:

- Identified non core assets of cpses under strategic disinvestment;
- Immovable enemy property under the custody of custodian of enemy property CEPI, MHA;
- Assets of other CPSE, PSUs, other government organisation; and
- Assets of sick/loss making firms under closure with prior approval of the competent authority.

### **Sale of holdings in SUUTI**

In 2002, SUUTI was established as a statutory special administration to govern the reorganised Unit Trust of India. 124 It provides income for the scheme and the government while managing the investments of the numerous former UTI mutual schemes. It regularly undertakes sales of the undertaking's shares in numerous successful private sector businesses, like ITC Ltd., L&T Ltd., etc., as part of its tasks.

Previously, the government did not classify as "disinvestments" the proceeds from the sale of the

shares of various companies it held as part of the scheme of undertaking. But in March 2014, the government sold the Axis Bank Ltd. shares it had been holding as part of SUUTI's programme, and the transaction was recorded as a disinvestment. Following that, shares of L&T Ltd. were sold in 2016 and 2017, shares of Axis Bank were sold again in 2017, and shares of ITC Ltd. were sold once. The revenues from the disinvestment of shares held as part of the SUUTI plan were announced by the government as being INR 23,801 crore. In March 2014, the sale of Axis Bank's shares was reported to have generated INR 5,500 crore of these totals.

The CAG raised concerns about the government's practise of classifying the proceeds from the sale of shares in the SUUTI programme as proceeds from disinvestment in their report from 2018. They pointed out that these receipts should have been listed under the account heading "other receipts of government account" rather than "disinvestment" (Comptroller and Auditor General of India, 2018). Furthermore, "disinvestment" should not be used to describe the extra money received from SUUTI receipts.

### Revival and closure of firms

For the administrative ministry or department to prepare suggestions for the revival or restructuring of the CPSE under their administrative authority, the DPE released guidelines in October 2015. The objective was to speed up the revival process by streamlining the current system. The BRPSE, which was established in 2004 by the UPA government, was shut down as a follow-up action the following month. The DPE adopted the Guidelines for time-bound closure of sick/loss making CPSEs and disposition of movable and immovable assets in September 2016 to address the issue of sick CPSEs and excessive delays in their closure. The instructions outline the procedure for closing CPSEs that are not in the process of being liquidated. The procedure will be monitored by the administrative ministry and won't involve going to court or going through a legal process (Department of Public Enterprises, Government of India, 2016).

Although India implemented a new insolvency framework in December 2016, neither the IBC nor the amended DPE guidelines of 2018 mention the engagement of insolvency professionals (IPs) or other similar experts. 126 With the DPE standards in place, a "parallel" mechanism to wind up the public enterprises actually exists. Prior to the IBC's implementation in 2012, the CAG had already emphasised the importance of enlisting experts like Chartered Accountants (CAs) and Company Secretaries (CS) to serve as the official liquidator in order to address the agency issue and delays in the closure process (Comptroller and Auditor General of India, 2012). It also mentioned the need for an integrated system of insolvency management for businesses in both the public and commercial sectors.

A legal controversy has developed in the case of Hindustan Antibiotics Ltd. regarding the applicability of the Code to businesses in the public sector (National Company Law Tribunal, 2019). Despite the fact that there are not many CPSEs undertaking resolution or liquidation under the Code, this legal challenge has arisen. Although the Bombay High Court has not yet made a decision on the question, a literal reading of the rules does not suggest that public sector businesses are exempt from the IBC. Additionally, taking the IBC option to swiftly resolve the financially insolvent and bankrupt PSUs can speed up the disinvestment process and have repercussions for the strategy for their restructuring and closure (Banerjee et al., 2020).

### Outcome of disinvestment

**Table 2: Target versus Realization: Phase 4**

Year	Budget target (INR crore)	Amount realised (INR crore)
2014-2015	58,425	24,348
2015-2016	69,500	24,057
2016-2017	56,500	35,592
2017-2018	72,500	95,088
2018-2019	80,000	78,369
2019-2020	90,000	47,903
<b>Total</b>	<b>4,26,925</b>	<b>3,05,357</b>

**Source: Dataset on disinvestments created by the authors. Targets taken from the Union Budget Speeches.**

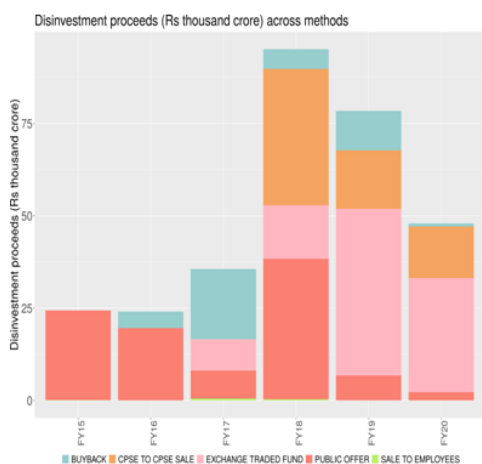
### Methods of disinvestment

An overview of disinvestment in the last six years using different strategies is shown in Table 2. The number of transactions, CPSEs, disinvestment revenues, the percentage of all shares sold, and the change in government equity following the transaction are all displayed. The average percentage of total shares sold by the government was 7.28%, and the average decline in government equity was 5.84%.

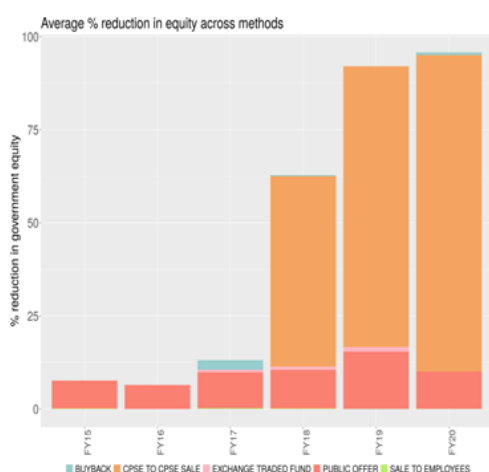
**Table 3: Disinvestment from FY14-15 to FY19-20**

Method of Disinvestment	No. of Transaction	No. of CPSEs	Disinvestment Proceed (INR Crore)	Average % of Share Sold	Average Change in % of Govt. Equity Post Disinvestment
Public Offer	37	32	98,405.4	10	10
Buyback	36	23	40,354.9	8.34	0.64
Sale to Employees	21	15	937.9	0.138	0.138
Exchange traded funds	10	18	98,949	1.09	1.09
CPSE to CPSE sale	8	8	66,711.9	77.15	77.15

Source: BSEPSU database and authors' calculation based on annual reports.



**Figure 1: Trends in disinvestment proceeds from FY15 to FY20**



**Figure 2: Trends in reduction in equity from FY15 to FY20**

## CONCLUSION

Overall, Phase 4 saw a number of high-profile strategic disinvestment statements that served as "signalling" events for privatisation. However, only tactical sales have taken place between CPSEs. Between FY 15 and FY 20, the government was able to raise an average of INR 3,05,357 crores, selling 7.28% of its entire share capital and reducing its equity by an average of 5.84%. 78% of the total proceeds from the disinvestment have come through the sale of minority stakes through public offerings, ETFs, and buybacks. Public offerings and ETFs made up 32% of the disinvestment revenues from these techniques. Although some of these techniques have helped disinvestment proceeds, the government's stake has not decreased proportionately. Additionally, this is at odds with the government's desire to withdraw from non-strategic businesses in order to utilise public resources effectively. Given the political majority the current administration possesses, additional privatisation may occur during the remainder of the administration, which ends in 2024.

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