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An Analytical Study on Disinvestment Policy in India

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ABSTRACT: Disinvestment is a process by which the government withdraws a portion of the equity in the public sector undertakings. It enables the public sector to improve its efficiency and become more responsible towards the public and the nation. But unfortunately, the proceeds of the Disinvestment were not flown properly towards the further development of the country through productive activities. In the last two decades, Government of India has taken many steps to improve the efficiency of public sector undertakings through disinvestment in many sectors. This paper focus on secondary data based total receipts on disinvestments during the last two decades. In this paper we focus on analysis of total receipts from disinvestment during 1991-92 to 2019-20. Besides this, in this paper we also compare the budgeted disinvestment from actual disinvestment during 2009-10 to 2019-20.

Keywords: Disinvestments, Public Sector Undertakings, Actual Disinvestment, Budgeted Disinvestment.

I. INTRODUCTION

The term 'Disinvestment' refers to the sale of the Government equity in public sector undertakings partly or fully to mutual funds, financial institutes, workers, general public or a sole bidder. The rationale behind disinvestment policy is that the Government should divest its funds from loss making PSUs and use the realizations (receipts) for creating social as well as physical infrastructure.

Objectives Of Disinvestment

The new economic policy initiated in July 1991 clearly indicated that PSUs had shown a very negative rate of return on capital employed. Inefficient PSUs had become and were continuing to be a drag on the Government's resources turning to be more of liabilities to the Government than being assets. Many undertakings traditionally established as pillars of growth had become a burden on the economy. The national gross domestic product and gross national savings were also getting adversely affected by low returns from PSUs. About 10 to 15 % of the total gross domestic savings were getting reduced on account of low savings from PSUs. In relation to the capital employed, the levels of profits were too low. Of the various factors responsible for low profits in the PSUs, the following were identified as particularly important:

- Price policy of public sector undertakings
- Under–utilisation of capacity
- Problems related to planning and construction of projects
- Problems of labour, personnel and management
- Lack of autonomy

Hence, the need for the Government to get rid of these units and to concentrate on core activities was identified. The Government also took a view that it should move out of non-core businesses, especially the ones where the private sector had now entered in a significant way. Finally, disinvestment was also seen by the Government to raise funds for meeting general/specific needs. In this direction, the Government adopted the 'Disinvestment Policy'. This was identified as an active tool to reduce the burden of financing the PSUs. The following main objectives of disinvestment were outlined:-

- To reduce the financial burden on the Government
- To enables the government to raise funds
- To introduce, competition and market discipline
- To fund growth
- To encourage wider share of ownership
- To depoliticize non-essential services

Disinvestment As A Route Of Privatization

The government has adopted the disinvestment in PSUs as one of the routes of privatization. Disinvestment refers to the sale of PSU's equity to the private sector and the public at large. The Disinvestment Commission has recommended 58 PSUs for disinvestment undo-different methodologies. The disinvestment programme began in 1991-92 and government stakes in 48 companies have been sold in varying degrees by 2004-05.

The basic reasons given for privatisation by way of disinvestment are, firstly, the scarcity of public resources and, secondly, the inefficient operation of existing public enterprises. Thus, it is obvious that the broad mission of disinvestment would be firstly to improve public finance, and secondly to find growth by introducing competition and market discipline in PSUs. With these broad missions in view, the Department of Disinvestment (DoD) has spelled out some objectives of disinvestment in its June-2001-publication. But even though those objectives theoretically appear to be sound, in most cases they are self-contradictory and deficient in achieving the aforesaid missions. So, we feel the need to review the objectives as framed by DoD. For this, it is obvious to itemise first the objectives. These are as follows:

- Releasing the large amount of public resources locked up in non-strategic PSUs for redeployment in areas that are much higher on the social priority, such as, basic health, family welfare, and primary education, social and essential infrastructure.
- Reducing the public debt that is threatening to assume unmanageable proportions.
- Stemming further outflows of the scarce public resources for sustaining the unviable non-strategic PSUs.
- Transferring the commercial risk to the private sector where the private sector is willing and able to step in.
- Releasing other tangible and intangible resources such as large manpower currently locked up in managing the PSUs, and their time and energy, for redeployment in high priority social sectors that are short of such resources.
- Disinvestment would expose the privatised companies to market disciplines, thereby forcing them to become more efficient and survive or cease on their own financial and economic strength. They would be able to respond to the market forces much faster and cater to their business needs in a more professional manner.
- Disinvestment would result in wider distribution of wealth through offering shares of privatised companies to small investors and employees.
- Disinvestment would have a beneficial effect on the capital market; the increase in floating stock would give the market more depth and liquidity, give investors early exit options, help in establishing more accurate benchmark for valuation and pricing, and facilitate raising of funds by the privatised companies for their projects and expansion.
- Opening up the public sector to appropriate private investment would increase economic activity and have an overall beneficial effect on economy, employment and tax revenues in the medium to long term.
- In many areas, e.g., the telecom sector, the end of public sector monopoly will bring relief to consumers by way of more choices, and better quality of products and service.

Modalities Of Disinvestment:

The modadalities of disinvestment include- (1) Strategic Sale. (2) Capital Market-(a) offer for sale to public at fixed price, (b) Offer for sale to public through book building, (c) Secondary Market Operation, (d) International offering- i) Global Depositary Receipts (GDR). ii) American Depositary Receipts (ADR), (e) Private placement, (f) Auction. (3) Warehousing. (4) Reduction in Equity- (a) Buy-back of Equity, (b) Conversion of equity into debt exchangeable in capital market instruments. (5) Trade Sale. (6) Asset Sale/ Winding up. (7) Management Employees Buy-out (8) Cross Sale. (9) Sale through demerger/ spinning off. In Indian context the issue of selection of modality became critical and debated about the selection of appropriate modality. The bundling of shares at initial phase and afterwards, the strategic sale came under criticism. The disinvestment of profit-making PSUs also became the issue of criticism.

Disinvestment In India

Right from independence, we were taught that the public sector in general and the public sector undertakings (PSUs) in particular, were to reach the "commanding height" in Indian economy. It was also generally believed that "whether the Indian economy would either sink or swim would depend upon the efficiency with which PSUs operate" (Narain, 2003). On this belief, the number of PSUs and investment therein have increased by leaps and bounds during a period of forty years since 1948, when the first Industrial Policy Resolution (IPR) was adopted in our country. It is also true that through the efforts of PSUs alone, our country has become self-sufficient in the production of many of the basic and infrastructural goods like coal, steel, power, petroleum, fertiliser, etc. The Disinvestment Commission itself admitted in its report that "the country's ranking in terms of industrialisation with other developing countries is quite high. India's comparative advantages, such as a large pool of well-trained work-force, technical skills in manufacturing and chemical industries primarily stem from the public sector" (DC Report, 1997). But since the Seventh Plan particularly, it was observed that the PSUs had been **converted into Hcentres of poor management" and "fun-munch garden of bureaucrats". The** present day condition reveals that out of 227 operating central PS Us, more than 100 are loss making units. One third of CPSUs work at less than 50% capacity utilisation. The share of them to public debt is estimated at one-third of total debt of Union Government (Saxena, 2002).

The return on investment in PSUs, at least for the decades of 1970s and 1980s, was so poor that it was significantly lower than the rate of return for a time deposit in commercial banks. If the profits of the PSUs working in the monopoly environment were excluded, the picture would be more gloomy. In the post-reform era, when the PSUs are supposed to perform better, then also the performance of PSUs is truly disappointing in comparison to that of private sector. PAT/net sales in PS Us are always negative during the period of study as conducted by the NCAER. Their performance on the productivity front with regard to manpower costs is also highly alarming as Table 2 shows that the wage costs per rupee of sales in public sector manufacturing activities are significantly higher than in comparable private sector firms, despite the latter often paying higher wage rate than PSUs. In view of all these, the PSUs have been gradually characterised as overinvested with low return, over employed yielding low productivity, excessive capacity but low utilisation and excessive control but lower efficiency (Gangadhar and Yadagiri, 2003).

Initially, the economic performance of PSUs did not get so much importance on the plea that they were meant primarily to achieve social objectives rather than to earn profit. But gradually it is felt that the negative effect on profitability front outweighs the positive result on the achievement of social objectives. Nobel Laureate Dr. Amartya Sen also mentioned in one of his speeches that "India has too much government interference in some fields, but

(Simultaneously) it has insufficient and ineffective government activity in basic education, health care, social security, land reforms and the promotion of social change." As such, the

Indian Government wants seriously to get rid of PSUs, the investment wherein has already been considered to be "a drain on public exchequer", and to devote primarily to the promotion of social sector. This intention of the Government has been strengthened further due to the following global imperatives.

By the mid- l980s, around the globe, the pendulum of political option was swinging decisively towards the view that the proportion of the GNP due to government economic activity should be reduced to the extent possible. The collapse of socialist economy of the Soviet block convinced the policy planners, around the world, that the role of State should be that of a regulator rather than the producer. USSR started the economic reforms under Perestroika. Privatisation brought the United Kingdom from near bankruptcy in 1979 to its re-emergence as one of the world economic leaders. China also introduced there economic reforms and it was recognised that public sector did not optimise efficiency and productivity of capital. Privatisation, thus, brought benefits to the vast majority of countries ranging from Eastern Europe to Africa, from South Asia to South America. India, on the contrary, was facing an unprecedented crisis in 1991 when the Narashima Rao Government came to power. The then Finance Minister, Dr. Manmohan Singh told the Prime Minister that something immediate had to be done. According to Mr. Jairam Ramesh (2000), "On the second evening of Rao Government we talked how to approach IMF. I had taken with me a one-page policy statement which included reforms like the new trade policy, new industrial policy, foreign investment etc. Rao saw the one-pager and asked me to fax it to our executive director in the IMF, who was to take it informally to the IMF managing director to show that we had embarked upon a course of major reforms, and to request the IMF to come to our support quickly. In a matter of hours, we were informed that the IMF would stand by us." The circumstances which forced the government to change the policy need not be clarified further. The process of greater reliance on market forces and increasing integration with the global economy was not so much a matter of choice. In the unfolding scenario, the country had no option but to liberalise. The WTO framework, along with IMF, made it a/ail accompli. These external pressures, along with the aforesaid internal imperatives, led India to adopt on July 24, 1991 a new Industrial Policy Resolution (IPR, 1991), which was basically an attempt to deviate from the avowed path and to resort gradually to privatisation. Of different forms of privatisation like denationalisation, deregulation and contracting out, the major plank of privatisation programme in India has been, however, the denationalisation, i.e., disinvestment of government equity in a select number of PSUs. But the fact is that the disinvestment process in India is never a smooth sailing. This has come out to be such a debatable phenomenon that the governments have failed to be decisive as to what actually should be done. Distrust and dissatisfaction about disinvestment have also loomed large over the common people of the country. In view of all these, an attempt has been made in this paper to look into the rationale of the objectives and achievements of disinvestment in India.

For the first four decades after Independence, the country was pursuing a path of development in which the public sector was expected to be the engine of growth. However, the public sector overgrew itself and its shortcomings started manifesting in low capacity utilisation and low efficiency due to over manning, low work ethics, over capitalisation due to substantial time and cost over runs, inability to innovate, take quick and timely decisions, large interference in decision making process etc. Hence, a decision was taken in 1991 to follow the path of Disinvestment.

Period from 1991-92 to 2000-01

The change process in India began in the year 1991-92, with 31 selected PSUs disinvested for Rs.3,038 crore. In August 1996, the Disinvestment Commission, chaired by G V Ramakrishna was set up to advice, supervise, monitor and publicize gradual disinvestment of Indian PSUs. It submitted 13 reports covering recommendations on privatisation of 57 PSUs.Dr R.H.Patil subsequently took up the chairmanship of this Commission in July 2001.However, the Disinvestment Commission ceased to exist in May 2004.

The Department of Disinvestment was set up as a separate department in December, 1999 and was later renamed as Ministry of Disinvestment from September, 2001. From May, 2004, the Department of Disinvestment became one of the Departments under the Ministry of Finance.

Against an aggregate target of Rs. 54,300 crore to be raised from PSU disinvestment from 1991-92 to 2000-01, the Government managed to raise just Rs. 20,078.62 crore (less than half). Interestingly, the government was able to meet its annual target in only 3 (out of 10) years. In 1993-94, the proceeds from PSU disinvestment were nil over a target amount of Rs. 3,500 crore.

The reasons for such low proceeds from disinvestment against the actual target set were:

1. Unfavourable market conditions
2. Offers made by the government were not attractive for private sector investors
3. Lot of opposition on the valuation process
4. No clear-cut policy on disinvestment
5. Strong opposition from employee and trade unions
6. Lack of transparency in the process
7. Lack of political will

This was the period when disinvestment happened primarily by way of sale of minority stakes of the PSUs through domestic or international issue of shares in small tranches. The value realized through the sale of shares, even in blue chip companies like IOC, BPCL, HPCL, GAIL & VSNL, however, was low since the control still lay with the government.

Most of these offers of minority stakes during this period were picked up by the domestic financial institutions. Unit Trust of India was one such major institution.

Period from 2001-02 to 2003-04

This was the period when maximum number of disinvestments took place. These took the shape of either strategic sales (involving an effective transfer of control and management to a private entity) or an offer for sale to the public, with the government still retaining control of the management. Some of the companies which witnessed a strategic sale included:

- BHARAT ALUMINIUM CO.LTD.
- CMC LTD.
- HINDUSTAN ZINC LTD.
- HOTEL CORP.OF INDIA LTD. (3 PROPERTIES: CENTAUR HOTEL, JUHU BEACH, CENTAUR HOTEL AIRPORT, MUMBAI & INDO HOKKE HOTELS LTD., RAJGIR)
- HTL LTD.
- IBP CO.LTD.
- INDIA TOURISM DEVELOPMENT CORP. LTD. (18 HOTEL PROPERTIES)
- INDIAN PETROCHEMICALS CORP.LTD.
- JESSOP & CO.LTD.
- LAGAN JUTE MACHINERY CO.LTD.,THE
- MARUTI SUZUKI INDIA LTD.
- MODERN FOOD INDUSTRIES (INDIA) LTD.

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- PARADEEP PHOSPHATES LTD.
- TATA COMMUNICATIONS LTD.

The valuations realized by this route were found to be substantially higher than those from minority stake sales. During this period, against an aggregate target of Rs. 38,500 crore to be raised from PSU disinvestment, the Government managed to raise Rs. 21,163.68 crore.

Period from 2004-05 to 2008-09

The issue of PSU disinvestment remained a contentious issue through this period. As a result, the disinvestment agenda stagnated during this period. In the 5 years from 2003-04 to 2008-09, the total receipts from disinvestments were only Rs. 8515.93 crore.

2009-10 to 2019-20

A stable government and improved stock market conditions initially led to a renewed thrust on disinvestments. The Government started the process by selling minority stakes in listed and unlisted (profit-making) PSUs. This period saw disinvestments in companies such as NHPC Ltd., Oil India Ltd., NTPC Ltd., REC, NMDC, SJVN, EIL, CIL, MOIL, etc. through public offers.

However, from 2011 onwards, disinvestment activity slowed down considerably. As against a target of Rs.40000 crore for 2011-12, the Government was able to raise only Rs.14,000 crore. However, the subsequent years saw some improvement and the Government was able to raise Rs. 23,857 crore against a target of Rs. 30,000 crore (Revised Target : Rs. 24,000 crore) in 2012-13 and Rs. 21,321 crore against a target of Rs. 54,000 (Revised Target : Rs. 19,027 crore) in 2013-14. The achieved target dropped to Rs. 24,338 crore against a target of Rs. 58,425 crore in 2014-15. In 2015-16 the Government was able to raise Rs. 32,210 crore against a target of Rs. 69,500 crore (Revised Target: Rs. 25,312 crore) and Rs. 46,378 crore against a target of Rs. 56,500 (Revised Target: Rs. 45,500 crore) in 2016-17. In 2017-18, some steep improvement was seen and the Government was able to raise Rs. 1,00,642 crore against a target of Rs. 72,500 crore (Revised Target : Rs. 1,00,000 crore) and Rs. 85,063 crore against a target of Rs.80,000 crore in 2018-19.

Further, the achieved target dropped to Rs. 49,828 crore against a target of Rs. 90,000 crore (Revised Target : Rs. 1,05,000 crore, further the Target Revised downward to Rs.65,000 crore) in 2019-20.

2020-21 onwards

The NDA Government has set an ambitious disinvestment target of Rs. 2, 10,000 crores. As such, 2020-21 is likely to see some big ticket disinvestments taking place.

II. LITERATURE REVIEW

Vibha Mathur has authored the book 'Disinvestment of Public Sector Enterprises in India Policies and Challenges', highlights disinvestment related policies, procedure, other issues & concerns. It provides the extensive elaboration of an overview of the industrial policy of the Government of India since independence, objectives, expansion and problems of public sector enterprises in India, Disinvestment policy & it implementation, procedures and modalities of the disinvestment process. This book also focuses on the controversies associated with the disinvestment policy of the government.

Dr. B. J. Stanley, in his article 'Disinvestment in Indian Public Sector: A Critical Review, says that disinvestment in Indian public sector has become inevitable due to withdrawal of budgetary support to loss making units as a part of new industrial policy of 1991. He has analyzed the recommendations by the Disinvestment Commission classifying under different modalities viz.-Trade sale, Strategic Sale, Offer of shares, Closure or sale of assets. He also pointed out that the Government has neither followed the Commission's recommendations in total nor any fixed criteria for disinvestment. The disinvestment and restructuring programme of PSUs in India is not successful in pooling the target amount, which is supposed to meet the fiscal deficit. Many of PSUs are showing progress in their performance during the post reforms period. Out of 236 total PSUs, only 37 units were making profits while the rest were unprofitable before the Reform of 1991. He suggested reorganizing the whole disinvestment programme in consultation with the workers groups in India to see that its benefits percolate down to the grass-root level.

A. K. Mohanty and P. K. Sahu in their article entitled 'Reforms in Indian Public Sector: Tasks ahead, made critical evaluation of the impact of reforms on the performance of PSUs. They attempt the government to take urgent preventive actions are needed to arrest losses in PSUs, either through restructuring or by closing down the units. They pointed out that the privatization of Modem Foods and BALCO has raised important questions regarding valuation of enterprise, transparency of sale transaction, rehabilitation of labour affected by privatization etc. They also expect that rationalization of workforce, professionalization of management, adoption of business plan, corporate strategy and good corporate governance practices would make PSUs productive, efficient and competitive. Fair valuation and transparency in disinvestments process are equally important to make this exercise free from criticism and better public acceptance.

Omrane and Jeffrey (2011) examine a sample of 1866 privatizations from 37 countries and estimate the impact of disclosure standards and legal institutions that discipline auditors on the method chosen to divest state owned enterprises. The agency conflict between minority and controlling shareholders can impede a government from privatizing by selling its stake to diffuse investors in the public capital market with a share-issue privatization (SIP) that typically generates important spill over economic benefits, rather than an asset sale to a small group of buyers. They find that SIPs become more likely when countries mandate strict disclosure standards, although result is sensitive to model specification. Investors value reforms that subject auditors to more severe private and public enforcement over several other legal determinants, including enhancing disclosure standards.

Chundawat, Bhanawat and Mehta (2005): Study the impact of the disinvestment on the corporate performance of the public sector undertakings (PSUs). Inefficiencies in general and each of them is relatively as efficient as one another.

Naib (2002) compared efficiency of 26 enterprises (13 public and 13 private) for a 12 year period from 1988-89 to 1999- 2000. The results indicated that both public and private firms experienced modest positive average annual growth rate during this period. Thus this study also revealed that at the enterprise level there is little empirical justification for general presumption in favour of either type of ownership and a case by case examination may be more revealing.

Garg Rakesh (July 2011) in his article titled ‘Impact of Disinvestment on Corporate Performance’ states that economic reforms that commenced in 1990 met with strong opposition from other political parties slowing down the process and infusing inefficiency and lethargy into the entire process. He studies how disinvestment has improved the performance of public sector units, if correct and timely implementation is carried out.

Gupta Seema, P.K. Jain, Surendra S. Yadav and V.K. Gupta (2011) in their paper titled ‘Financial performance of disinvested central public sector enterprises in India: An empirical study on select dimensions’ studied the impact of disinvestment on public sector enterprises and compared their performance in the pre and post disinvestment periods. Their findings indicate that the loss making units that were disinvested did not improve in performance, while profit making units that were disinvested showed tremendous improvement in profitability and performance. They were also of the opinion that partial disinvestment would not be successful, as majority control was still in the hands of the government resulting in inefficiency in operation, along with a lack of competitive industrial structure resulting in high costs incurred.

Singh and Paliwal (2010) examine the impact of disinvestment on the financial and operating performance of competitive and monopoly units of public sector enterprises that operating performance of competitive firms based on sales has shown decline in profitability but monopoly firms shows an improvement in their profitability during the post disinvestment and they suggested that disinvestment programme should be so executed so as to encourage autonomy in management with accountability, broad based ownership and improved the competition.

Narta and Singh (2011) examine the impact of disinvestment on the financial and operating performance of selected units of telecommunication sector. The management of the telecommunication sector failed in controlling its various expenditures during the post-disinvestment period and its liquidity position has not been found satisfactory. The decline in the return on total assets and return on net capital employed again indicates their inefficiency in the efficient utilization of its resources. During the post-disinvestment period, the use of shareholders'' funds has been increasing as compared to debts. On the other hand, liquidity position of these units has not been found satisfactory. However, the improvement in the utilization of its inventory, working capital and fixed assets is good for its overall growth and development. Public sector should be continued in areas where their involvement is highly appropriate which will provide a greater degree of autonomy. They recommend that disinvestment programmes should be executed so as to encourage autonomy in management with accountability, broad based ownership and improved competition.

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Objectives Of The Study

The study is based on the following objectives:-

1. To understand the concept of disinvestment.
2. To analyze total receipts from disinvestment during 1991-92 to 2019-20.
3. To analyze the difference between budgeted and actual disinvestments during 2009-10 to 2019-20.

III. RESEARCH METHODOLOGY

The study is based on published sources of data collected from various sources. The data were gathered from the secondary sources such as journals, articles published online and offline on various newspapers and websites.

IV. DATA ANALYSIS

Table1: Total Receipts from Disinvestments (1991-92 to 2019-20)

Year	Budgeted Receipt (in cr)	Receipts through sale of minority shareholdings in CPSEs (in cr)	Receipts through sale of majority shareholding of one CPSE to another CPSE (in cr)	Receipts through strategic sale (in cr)	Receipts through other related transaction (in cr)	Receipts from sale of residual shareholding in disinvested CPSEs/ companies (in cr)	Total Receipts (in cr)
1991-92	2500	3037.74	-	-	-	-	3037.74
1992-93	2500	1912.51	-	-	-	-	1912.51
1993-94	3500	-	-	-	-	-	-
1994-95	4000	4843.1	-	-	-	-	4843.1
1995-96	7000	168.48	-	-	-	-	168.48
1996-97	5000	379.67	-	-	-	-	379.67
1997-98	4800	910	-	-	-	-	910
1998-99	5000	5371.11	-	-	-	-	5371.11
1999-00	10000	1479.27	-	105.45	275.42	-	1860.14
2000-01	10000	-	1317.23	554.03	-	-	1871.26
2001-02	12000	-	-	3090.09	2567.6	-	5657.69
2002-03	12000	-	-	2252.72	1059.3	-	3347.98
2003-04	14500	12741.6	-	342.06	-	2463.73	15547.4
2004-05	4000	2700.06	-	-	64.81	-	2764.87
2005-06	No Target	-	-	-	2.08	1567.6	1569.68
2006-07	No Target	-	-	-	-	-	-
2007-08	No Target	1814.45	-	-	-	2366.94	4181.39

2008-09	**No Target**	**-**	**-**	**-**	**-**	**-**	**-**
2009-10	**No Target**	**23552.9**	**-**	**-**	**-**	**-**	**23552.9**
2010-11	**40000**	**22144.2**	**-**	**-**	**-**	**-**	**22144.2**
2011-12	**40000**	**13894.1**	**-**	**-**	**-**	**-**	**13894.1**
2012-13	**30000**	**23956.8**	**-**	**-**	**-**	**-**	**23956.8**
2013-14	**40000**	**15819.5**	**-**	**-**	**-**	**-**	**15819.5**
2014-15	**43425**	**24277.2**	**-**	**-**	**71.54**	**-**	**24348.7**
2015-16	**69500**	**23996.8**	**-**	**-**	**8152**	**-**	**23996.8**
2016-17	**56500**	**34938.7**	**-**	**10778.71**	**529.19**	**-**	**46246.6**
2017-18	**72500**	**57273.1**	**-**	**42468.65**	**315.21**	**-**	**100057**
2018-19	**80000**	**62883.2**	**-**	**15914**	**6175**	**-**	**84972.2**
2019-20	**105000**	**32963.9**	**-**	**-**	**1881.12**	**-**	**34845.1**
Total		**371058.39**	**1317.23**	**75505.71**	**21129.35**	**6398.27**	**467256.92**

Source: www.dipam.gov.in

Interpretation: -Table 1 depicts the Total Receipts from Disinvestments during 1991-92 to 2019-20. The analysis of the table is as follows:-

- The budgeted receipts has been continuously increasing from 1991-92 to 2019-20 i.e. increased from 2500 crores in 1991-92 to 105000 crores in 2019-20.
- Actual receipts through sale of minority shareholdings in CPSEs is highest i.e. 371058.39 crores during the period 1991-92 to 2019-20.
- Actual receipts through sale of majority shareholding of one CPSE to another CPSE is lowest i.e. Rs 1317.23 crores during the period 1991-92 to 2019-20. It actually receipt only during 2000-01 only.
- Actual receipts from strategic sale is second highest i.e. Rs 75505.71 crores during 1991-92 to 2019-20.
- Actual receipts through other related transaction is third highest i.e. Rs 21129.35 crores during 1991-92 to 2019-20.
- Actual receipts from sale of residual shareholding in disinvested CPSEs/ companies i.e. Rs 6398.27 crores which is lowest during 1991-92 to 2019-20.
- No actual receipt from disinvestment in three years during the last twenty years i.e. 1993-94, 2006-07 and 2008-09.
- Total actual earnings during the year 2017-18 i.e. Rs 100057 crores is highest.
- Total actual earnings during the year 1995-96 i.e. Rs 168.48 crores only is lowest during the last twenty years.
- Govt has completed its budgeted target only six times during the last twenty years. In 1991-92, 1994-95, 1998-99, 2003-04, 2017-18, 2018-19 only.
- The largest difference between budgeted receipts and actual receipts is Rs 70154.9 crores in 2019-20.

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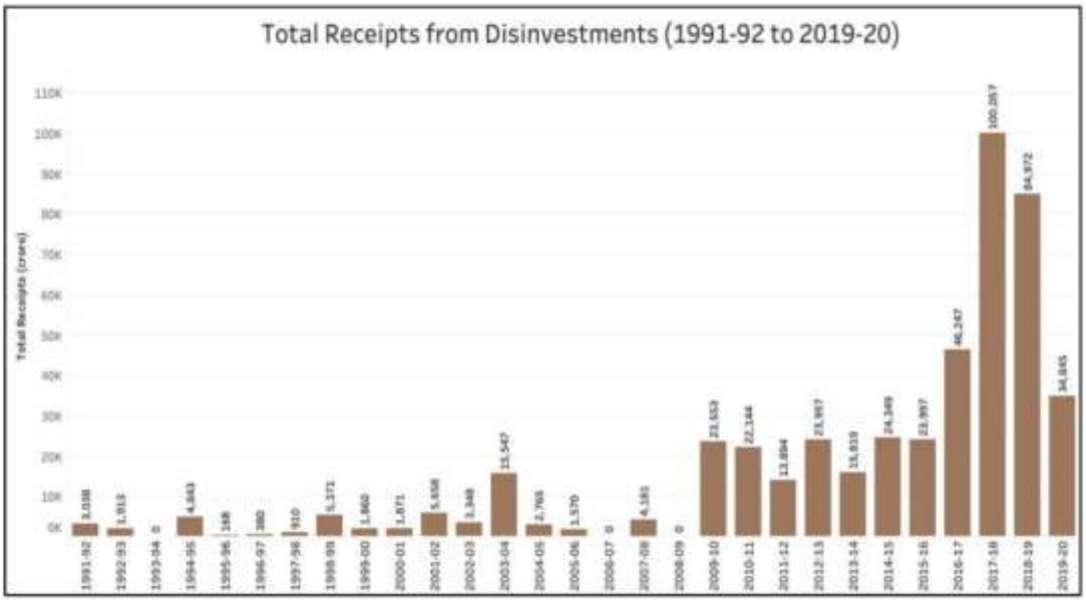

Fig1: Total Receipts from Disinvestment (1991-92 to 2019-20)

T**able2**: Budgeted Vs Actual Disinvestment (2009-10 to 2019-20)

Year	**Budgeted Receipt (in cr)**	**Receipts through sale of minority shareholdings in CPSEs (in cr)**	**Receipts through sale of majority shareholding of one CPSE to another CPSE (in cr)**	**Receipts through strategic sale (in cr)**	**Receipts through other related transaction (in cr)**	**Receipts from sale of residual shareholding in disinvested CPSEs/ companies (in cr)**	**Total Receipts (in cr)**
2009-10	**No Target**	**23552.9**	**-**	**-**	**-**	**-**	**23552.9**
2010-11	**40000**	**22144.2**	**-**	**-**	**-**	**-**	**22144.2**
2011-12	**40000**	**13894.1**	**-**	**-**	**-**	**-**	**13894.1**
2012-13	**30000**	**23956.8**	**-**	**-**	**-**	**-**	**23956.8**
2013-14	**40000**	**15819.5**	**-**	**-**	**-**	**-**	**15819.5**
2014-15	**43425**	**24277.2**	**-**	**-**	**71.54**	**-**	**24348.7**
2015-16	**69500**	**23996.8**	**-**	**-**	**8152**	**-**	**23996.8**
2016-17	**56500**	**34938.7**	**-**	**10778.71**	**529.19**	**-**	**46246.6**
2017-18	**72500**	**57273.1**	**-**	**42468.65**	**315.21**	**-**	**100057**
2018-19	**80000**	**62883.2**	**-**	**15914**	**6175**	**-**	**84972.2**
2019-20	**105000**	**32963.9**	**-**	**-**	**1881.12**	**-**	**34845.1**

Source: www.dipam.gov.in

Interpretation:- Table 2 depicts Budgeted Disinvestments Vs Actual Disinvestments during 2009-10 to 2019-20. The analysis of the table is as follows:-

- The largest difference between budgeted disinvestment and actual disinvestment was Rs 70154.9 crores in 2019-20.
- During the year 2017-18 and 2018-19 actual disinvestment are more than the budgeted disinvestment i.e. Rs. 27557 crores and 4972.2 crores respectively.
- There is no disinvestment through sale of majority shareholding of one CPSE to another CPSE during the year 2009-10 to 2019-20.
- There is no disinvestment from sale of residual shareholding in disinvested CPSEs/ companies during the year 2009-10 to 2019-20.
- There is only disinvestment of Rs. 69161.36 crores through strategic sale during the year 2009-10 to 2019-20.
- There is only disinvestment of Rs. 17124.06 crores through other related transaction during the year 2009-10 to 2019-20.
- The minimum difference between actual disinvestment and budgeted disinvestment was Rs. 6043.20 crores during the year 2012-13 among the years where budgeted disinvestment was estimated.
- The highest rise in actual disinvestment of Rs. 53810.40 crores between 2016-17 and 2017-18.
- The highest downfall in actual disinvestment of Rs.50127.10 crores between 2018-19 and 2019-20.

Budgeted Vs Actual Disinvestments (Rs. In crores)

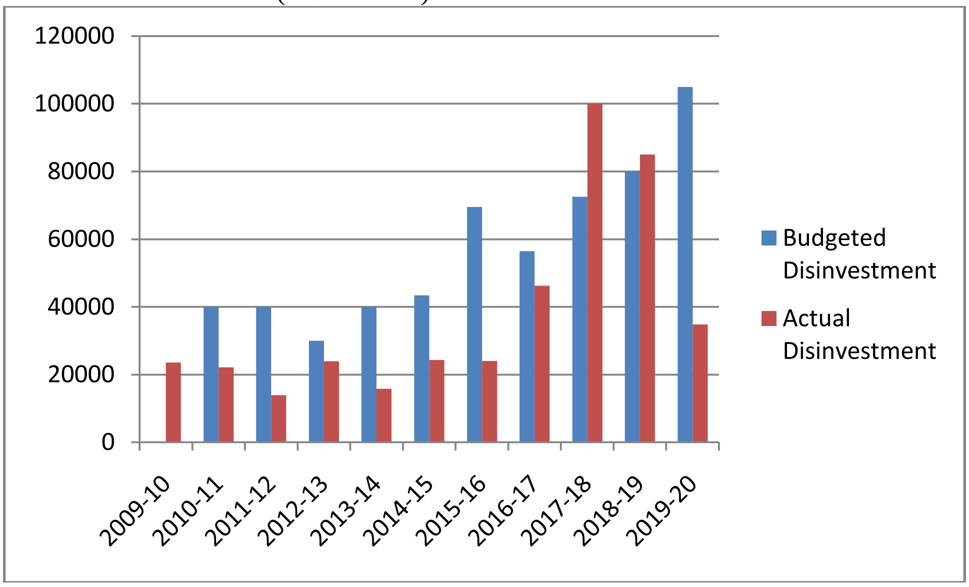

Fig 2 : Budgeted Vs Actual Disinvestments (Rs. In crores)

V. CONCLUSION

Disinvestment may lead to increase the efficiency through better utilization of resources but riskless privatization may not provide the ultimate solution for longer period of time. The stress should be on making PSUs work more efficiently rather than reducing public ownership in economy. This study focuses on total receipts from disinvestments and compares budgeted disinvestments with actual disinvestments. Government of India decided the target for every financial year and make effort to fulfil them. In last few years, they were very close to complete the target and complete it. So our government should look after it if it wants to achieve its goals and also set targets by keeping in mind various market conditions, elections and should issue policies for it time to time.

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