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INDIAN DISINVESTMENT PERFORMANCE AND EVALUATION OF ITS POLITICAL TRENDS

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Abstract
Disinvestments have often been used by the governments as a means to shore up receipts and reduce the fiscal deficit. Disinvestment refers to the sale of shares of Public Sector Undertakings (PSUs) by the government. Divestment or disinvestment means selling a stake in a company, subsidiary or other investments. Businesses and governments resort to divestment generally as a way to pare losses from a non-performing asset, exit a particular industry, or raise money. There are two major reasons offered by the government for disinvestment. One is to provide fiscal support and the other is to improve the efficiency of the enterprise. The fiscal support argument dictates that the government's resources are limited, and these resources should be devoted to areas of social priority (such as health, family welfare, education, etc). More resources can be devoted to these priority areas by releasing resources locked up in non-strategic public sector enterprises. The second reason for disinvestment dictates that it will improve the efficiency of the enterprise. If the extent of disinvestment is such that a wider share of ownership is encouraged, it will introduce competition and market discipline.

The present study briefly looks at the overview, history of disinvestment and various approaches to disinvestments. The paper also studies the annual CPSE disinvestment target vs. achievement proceeds since LPG policy in 1991. In this paper, an attempt has been made to determine the political trends of disinvestment in the country under various governments from 1991-92 to 2020-21.

Keywords: Disinvestment, NDA, Privatisation, PSU's, UPA.

I. Introduction

Disinvestment or divestment can be defined as the government's action of selling or liquidating its stake in a public sector unit asset or subsidiary. This is done when PSUs start turning into liabilities and start showing a negative rate of return, in turn putting pressure on the government resources. In such cases, disinvestment helps bring down the financial burden being imposed by inefficient PSUs on the public finances, raise money and put the proceeds to better use.

The idea of disinvestment, an annual exercise where the government sets a disinvestment target for select PSUs, was first introduced in the 1991 interim Budget by the then Finance Minister Manmohan Singh as the country was moving towards a more liberal, global and private sphere. As a result The Indian government started divesting its stake in public-sector companies in the wake of a change of stance in economic policy in the early 1990s — commonly known as 'Liberalisation, Privatisation, and Globalisation'. This has helped the Centre pare its fiscal deficits. Governments often sell stakes in public sector companies to raise revenues. In recent times, the central government has used this route to exit loss-making ventures and increase non-tax revenues.

From 1991-92 to 2013-14, every government extensively followed the policy of disinvestment. Then the Modi government came to power in 2014 with a massive mandate on the promise of 'Minimum Government and Maximum Governance'. With this promise, the government assured the country that it had no business to be in business. Its primary task was to create an enabling environment for the smooth running of businesses and enterprises rather than having ownership in them. The need to create greater fiscal space and the imperatives of propelling India on a high growth path has prompted the Centre to aggressively pursue the agenda of PSU privatization and disinvestment. The Modi government took a comprehensive policy for disinvestment by rechristening the administrative arm as the Department of Investment and Public Asset Management (DIPAM).

II. Objectives and Research Methodology

Objectives

The study has been geared to achieve the following objectives;

1. To study an overview of divestment and various approaches to disinvestments
2. To study the historical perspective of disinvestment in Indian context
3. To analyse the annual CPSE disinvestment target vs. achievement proceeds since 1991-92
4. To study the Political Trends in Disinvestment under various governments from 1991-92 to 2020-21.

Research Methodology

Data Collection Method: This study has been carried out with the help of secondary data only, all the data has been collected from the various sources such as websites & reports and compiled as said by the need of the study.

Sources of Data Collection: The study is based on the published data. For the purpose of present study, the data was extracted from the various newspapers, journals, articles and websites. Disinvestment and receipts, sourced from the data published by the Department of Investment & Public Asset Management, Department of Public Enterprises, in form of Annual Year Books and Public Enterprises Survey Reports, and the BSEPSU have been used.

III. Public Sector

Different types of Public Enterprises

1. CPSEs (Central Public Sector Enterprises) - Companies where the direct holding of the Central Government or of other CPSEs is 51% or more
2. PSBs (Public Sector Banks) - Banks where the direct holding of the Central/State Government or other PSBs is 51% or more
3. SLPEs (State Level Public Enterprises) - Companies where the direct holding of the State Government or other SLPEs is 51% or more.

IV. Definition of Disinvestment

At the very basic level, disinvestment can be explained as follows:

“Investment refers to the conversion of money or cash into securities, debentures, bonds or any other claims on money. As follows, disinvestment involves the conversion of money claims or securities into money or cash.”

Disinvestment can also be defined as the action of an organisation (or government) selling or liquidating an asset or subsidiary. It is also referred to as ‘divestment’ or ‘divestiture.’

In most contexts, disinvestment typically refers to sale from the government, partly or fully, of a government-owned enterprise.

A company or a government organization will typically disinvest an asset either as a strategic move for the company, or for raising resources to meet general/specific needs.

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 improve public finances
- To introduce, competition and market discipline
- To fund growth
- To encourage wider share of ownership
- To depoliticize non-essential services

Importance of Disinvestment

Presently, the Government has about Rs.2 lakh crore locked up in PSUs. Disinvestment of the Government stake is, thus, far too significant.

The importance of disinvestment lies in utilisation of funds for

- Financing the increasing fiscal deficit
- Financing large-scale infrastructure development
- For investing in the economy to encourage spending
- For retiring Government debt- Almost 40-45% of the Centre's revenue receipts go towards repaying public debt/interest
- For social programs like health and education.

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Disinvestment also assumes significance due to the prevalence of an increasingly competitive environment, which makes it difficult for many PSUs to operate profitably. This leads to a rapid erosion of value of the public assets making it critical to disinvest early to realize a high value.

V. Different Approaches to Disinvestments

There are primarily three different approaches to disinvestments (from the sellers' i.e. Government's perspective).

Minority Disinvestment

A minority disinvestment is one such that, at the end of it, the government retains a majority stake in the company, typically greater than 51%, thus ensuring management control.

Historically, minority stakes have been either auctioned off to institutions (financial) or offloaded to the public by way of an Offer for Sale. The present government has made a policy statement that all disinvestments would only be minority disinvestments via Public Offers.

Examples of minority sales via auctioning to institutions go back into the early and mid 90s. Some of them were Andrew Yule & Co. Ltd., CMC Ltd. etc. Examples of minority sales via Offer for Sale include recent issues of Power Grid Corp. of India Ltd., Rural Electrification Corp. Ltd., NTPC Ltd., NHPC Ltd. etc.

Majority Disinvestment

A majority disinvestment is one in which the government, post disinvestment, retains a minority stake in the company i.e. it sells off a majority stake. It is also called as Strategic Divestment.

Historically, "majority disinvestments have been typically made to strategic partners. These partners could be other CPSEs themselves, a few examples being BRPL to IOC, MRL to IOC, and KRL to BPCL. Alternatively, these can be private entities, like the sale of Modern Foods to Hindustan Lever, BALCO to Sterlite, CMC to TCS etc."

Again, "like in the case of minority disinvestment, the stake can also be offloaded by way of an Offer for Sale, separately or in conjunction with a sale to a strategic partner."

Complete Privatisation

Complete privatisation is a form of majority disinvestment wherein 100% control of the company is passed on to a buyer. Examples of this include 18 hotel properties of India Tourism Development Corporation (ITDC) and 3 hotel properties of HCI.

Disinvestment and Privatisation are often loosely used interchangeably. "There is, however, a vital difference between the two. Disinvestment may or may not result in Privatization. When the Government retains 26% of the shares carrying voting powers while selling the remaining to a strategic buyer, it would have disinvested, but would not have 'privatised', because with 26%, it can still stall vital decisions for which generally a special resolution (three-fourths majority) is required."

VI. Disinvestments-A Historical Perspective

In 1947, when India became independent, "there were various socio-economic problems confronting the country which needed to be dealt with in a planned and systematic manner. India at that time was

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primarily an agrarian economy with a weak industrial base, low level of savings, inadequate investments and lack of infrastructure facilities. There existed considerable inequalities in income and levels of employment, glaring regional imbalances in economic development and lack of trained manpower. As such, the State's intervention in all the sectors of the economy was desirable and inevitable since private sector neither had the resources, managerial and neither scientific skill, nor the will to undertake the risks associated with large, long-gestation investments."

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 capitalization 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 - 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. Unfavorable 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.

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Period from 2001-02 - 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 • HTL ltd. • IBP co.ltd. • Tata communications ltd.	• India tourism development corp.ltd.(18 hotel properties) • Indian petrochemicals corp.ltd. • Jessop & co.ltd. • Lagan jute machinery Co. Ltd. • Maruti Suzuki India Ltd. • Modern food industries (India) ltd. • Paradeep phosphates 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 - 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.

2009-10-2019-20

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.40,000 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 in 2018-19.”

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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 crore. As such, 2020-21 is likely to see some big ticket disinvestments taking place. With the second wave of covid-19 hitting the country, for fiscal 2021, the government has revised its divestment target to Rs32,000 crore from a massive Rs2.10 trillion set earlier.

VII. Change in Government Policy Regarding Disinvestment

In the Industrial Policy of 1956, "17 industries were reserved exclusively for the public sector and there were 12 other industries which were to be progressively state owned. In 1991, there was a radical change in the government's policy towards the public sector. The domestic economy, where PSUs had served as engines of growth, had started welcoming private players. After 1991, only eight industries were reserved for the public sector, including defence production, atomic energy, coal and lignite, mineral oils, iron ore, manganese, gold and diamond, atomic minerals and railways."

The new policy for public sector disinvestment stated that the government will run the public sector on sound commercial principles. "Chronically sick public sector units will be referred to Board for Industrial and Financial Re-construction (BIFR) for examining their viability. Another important feature of the new disinvestment policy was that 20% shares of selected profit-making public-sector units can be sold to financial institutions, mutual funds, etc. These institutions will hold the shares for a specified period of time after which they will be permitted to sell the shares in the share market."

In 1999, "the government classified public sector enterprises into strategic and non-strategic units for the purpose of disinvestment. Strategic public sector enterprises would be those in the areas of defence production, atomic energy and railway transport. All other public sector enterprises were to be considered non-strategic."

The first milestone in the history of disinvestment of PSUs dates back to 1999. Prior to this, governments had pursued disinvestment but with considerable restraint, indulging mostly in minority stake sale of selected PSUs (as evident in the year-wise breakup of disinvestment outlined below). Atal Bihari Vajpayee's term as Prime Minister, heading a National Democratic Alliance (NDA) Government between 1999 and 2004, is famously described as the golden period for privatisation of public sector undertakings (PSUs). In fact, in December 1999, under the NDA regime, a dedicated ministry and a separate cabinet committee on divestment were set up.

Let's take a look at the disinvestment earnings of the government since 1991. The CAG's 2017-18 audit report on the Union government accounts (No. 2 of 2019, released in February 2019) says "disinvestment constitutes a major portion of capital receipts" of the central government. Governments have risen more than Rs. 5 lakh crores so far (from 1991 till date) through disinvestments. The following graph captures the trend of disinvestment and the resultant earnings over the last three decades.

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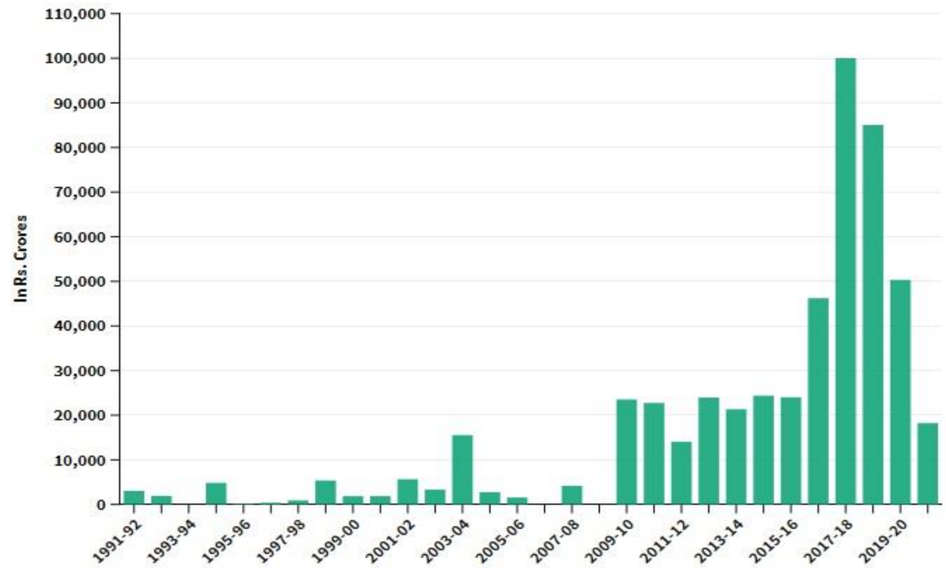
Total Receipts from Disinvestment

(From 1991-92 to 2020-21 in Rs. Crores)



Source: BSESPU, Department of Investment and Public Asset Management (DIPAM)

Below is a year-wise break-up of disinvestment and receipts, sourced from the data published by the Department of Public Enterprises, Department of Investment & Public Asset Management in form of Annual Year Books and Public Enterprises Survey Reports and the BSEPSU.

Year-wise types of Disinvestment as of February 2021 in Rs. Crores

Year	Strategic sale to Private Entity	Public Offer (excluding fresh capital raising)	CPSE to CPSE sale	Auction to financial investors	Auction to private entity	Sale to employees	Institutional Placement Programme	Buyback	Block deals/Market Sales	Exchange traded fund	Total Receipts
1991-92				3037.74							**3037.74**
1992-93				1912.51							**1912.51**
1993-94											**0**
1994-95				4843.1							**4843.1**
1995-96				168.48							**168.48**
1996-97		379.67									**379.67**
1997-98		910									**910**
1998-99		783.68	4182.74	404.72							**5371.14**
1999-00	105.45	1020	459.27								**1584.72**
2000-01	554.03		1317.23								**1871.26**
2001-02	2089.41		1153.68			25.19					**3268.28**
2002-03	2335.72					12.26					**2347.98**
2003-04	342.06	15128.26			77.1						**15547.42**
2004-05		2700.06				64.81					**2764.87**
2005-06				1567.6		2.08					**1569.68**
2006-07											**0**
2007-08		1814.45		2366.93							**4181.38**
2008-09											**0**
2009-10		21305.91	2247.05								**23552.96**
2010-11		22762.73									**22762.73**

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2011-12		14035.27									**14035.27**
2012-13		23857.25									**23857.25**
2013-14		3102.62	5340				358.21	2131.28	7388.93	3000	**21321.04**
2014-15		24277.16				71.54					**24348.7**
2015-16		19574.51						4483.22			**24057.73**
2016-17		7532.06				529.36		19026.97	8790	8499.98	**44378.37**
2017-18		38017.58	36915			315.11		5340.63	4153.65	14500	**99241.97**
2018-19		12590.9	15913.96			17.33		10682.04	779.02	45079.92	**85063.17**
2019-20		1771.49	13883			0.89		822.08	1881.21	30869.19	**49227.86**
2020-21		14853.57				0.77		2773.2	595.68		**18223.22**
TOTAL	**5426.67**	**226417.17**	**81411.93**	**14301.08**	**77.1**	**1039.34**	**358.21**	**45259.42**	**23588.49**	**101949.09**	**499828.5**

VIII. Annual CPSE Disinvestment Target vs. Achievement Table since 1991-92 (as on 27 May 2021).

Disinvestment Proceeds- Historical Data

YEAR	TARGET (Rs. crore)	ACHIEVED * (Rs. crore)	ACHIEVEMENT (%)
1991-92	2,500	3,038	121.51
1992-93	2,500	1,913	76.50
1993-94	3,500	0	0.00
1994-95	4,000	4,843	121.08
1995-96	7,000	168	2.41
1996-97	5,000	380	7.59
1997-98	4,800	910	18.96
1998-99	5,000	5,371	107.42
1999-00	10,000	1,585	15.85
2000-01	10,000	1,871	18.71
2001-02	12,000	3,268	27.24
2002-03	12,000	2,348	19.57
2003-04	14,500	15,547	107.22
2004-05	4,000	2,765	69.12
2005-06	0	1,570	N.A.
2006-07	0	0	N.A.
2007-08	0	4,181	N.A.
2008-09	0	0	N.A.

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2009-10	25,000	23,553	94.21
2010-11	40,000	22,763	56.91
2011-12	40,000	14,035	35.09
2012-13	30,000~	23,857	79.52
2013-14	54,000@	21,321	39.48
2014-15	58,425	24,349	41.68
2015-16	69,500#	24,058	34.62
2016-17	56,500$	46,378	82.09
2017-18	72,500^	1,00,642	138.82
2018-19	80,000	85,063	106.33
2019-20	90,000~~	49,828	55.36
2020-21	2,10,000@@	30,213	14.39
2021-22	1,75,000	3,974	2.27
TOTAL	**10,97,725**	**5,19,792**	**47**

- * Excludes Other Receipts of the Government from CPSE Disinvestment
- ~ Revised Target: Rs. 24,000 crore
- @ Revised Target: Rs. 19,027 crore
- # Revised Target: Rs. 25,312 crore
- $ Revised Target: Rs. 45,500 crore
- ^ Revised Target: Rs. 1,00,000 crore
- ~~ Revised Target: Rs. 1,05,000 crore, further the Target Revised downward to Rs. 65,000 crore
- @@ Revised Target: Rs. 2,10,000 crore, further the Target Revised downward to Rs. 32,000 crore

The Indian Govt on 1st Feb 2022, budgeted Rs 1.75 lakh cr from stake sale in public sector companies and financial institutions, including 2 PSU banks and one general insurance company, in the next fiscal year beginning April 1. The amount is lower than the record Rs 2.10 lakh cr which was budgeted to be raised from CPSE disinvestment in the current fiscal year.

However, the COVID-19 pandemic impacted the government's CPSE stake sale programme, and the target has been lowered to Rs 32,000 cr in the Revised Estimates.

IX. Political Trends in Disinvestment

The Indian economy was adversely affected by bankruptcy during the period 1981-91. The public sector which was supposed to achieve new heights and was taught to be the perfect path for India’s economic growth, right from independence was characterized by poor and sick performance. In the year 1991, there were 236 operating PSUs, of which only 123 were profit making.

The top 20 profit making PSU's counted for 80% of the profits, implying that less than 10% of the PSU's were responsible for 80% of profits. The return on PSUs investment for the year 1990-91 was just around 2%.

Allowing the private sector to pump capital into these ailing PSUs would, of course, go some way in turning around these entities even as it provides the government with funds to bankroll welfare programs. Hence, the process of disinvestment in India was started in the year 1992.

Major divestment steps were taken in the past by BJP led NDA government in the tenure between1999-2004, made four strategic disinvestments –

- Bharat Aluminium Company (BALCO) and Hindustan Zinc, both to Sterlite Industries Ltd.
- Indian Petrochemicals Corporation Limited (IPCL) to Reliance Industries Ltd. and
- VSNL to the Tata group

Again, in starting from 2014 to 2018, BJP led NDA government divested total Rs. 1,94,646 crore, which also includes minority and majority stake sale of most profitable Public sector undertaking companies, like ONGC-HPCL deal worth Rs. 36,915 crores.

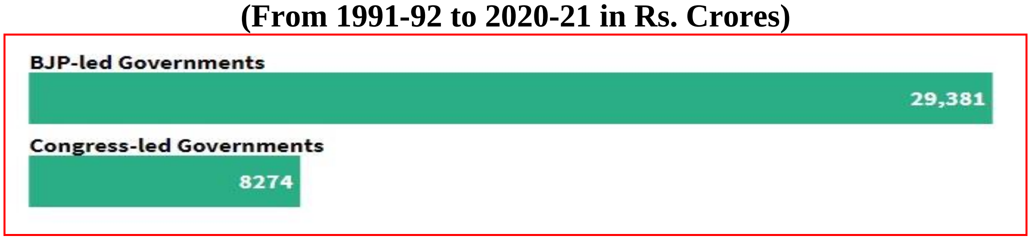
In order to understand the trend of disinvestment under various regimes, let's take a look at the annual Central Public Sector Enterprises (CPSE) target vs. Achievement since 1991-92.

Year	**Target (in Rs. cr)**	**Achieved (in Rs. cr)**	**Achievement (in %)**	**Total receipts (in Rs. cr)**	**Political Regime**
1991-92	2,500	3,038	121.51	3037.74	**Congress led**
1992-93	2,500	1,913	76.5	1912.51	
1993-94	3,500	0	0	0	
1994-95	4,000	4,843	121.08	4843.1	
1995-96	7,000	168	2.41	168.48	
1996-97	5,000	380	7.59	379.67	**United Front**
1997-98	4,800	910	18.96	910	
1998-99	5,000	5,371	107.42	5371.14	**BJP led**
1999-00	10,000	1,585	15.85	1860.14	
2000-01	10,000	1,871	18.71	1871.26	
2001-02	12,000	3,268	27.24	5657.69	
2002-03	12,000	2,348	19.57	3347.98	
2003-04	14,500	15,547	107.22	15547.42	
2004-05	4,000	2,765	69.12	2764.87	**Congress led**
2005-06	0	1,570	N.A.	1569.68	
2006-07	0	0	N.A.	0	
2007-08	0	4,181	N.A.	4181.39	

2008-09	0	0	N.A.	0	
2009-10	25,000	23,553	94.21	23552.96	
2010-11	40,000	22,763	56.91	22762.73	
2011-12	40,000	14,035	35.09	14035.27	
2012-13	30,000	23,857	79.52	23956.81	
2013-14	54,000	21,321	39.48	21321.04	
2014-15	58,425	24,349	41.68	24348.71	**BJP led**
2015-16	69,500	24,058	34.62	24057.73	
2016-17	56,500	46,378	82.09	46246.58	
2017-18	72,500	1,00,642	138.82	100056.91	
2018-19	80,000	85,063	106.33	85063.17	
2019-20	90,000	49,828	55.36	50298.64	
2020-21	2,10,000	18,223	8.68	18223.22	

While there is no significant difference in the disinvestment achievement rates under these two regimes, “there is a huge difference in the average annual total receipts from disinvestment under the two regimes. As outlined in the graph, BJP-led government’s average receipts from disinvestment are almost three times Congress-led government’s average receipts from disinvestment. The BJP-led government’s average annual receipt from disinvestment stands at Rs. 29,381 crores – threefold of Congress-led government’s average annual receipts from disinvestment at Rs. 8,274 crores.”

Average Annual Receipts from Disinvestment
(From 1991-92 to 2020-21 in Rs. Crores)



The Hindu’s “article dated 18 November 2018, which also analyses the data released by the Department of Investment and Public Asset Management (DIPAM) up to 8 November 2018 reiterates this observation. The article argues that the ‘total disinvestment’ done by BJP-led governments (up till 8 November 2018) was almost twice than that done by the Congress-led governments. It also highlighted the point that BJP-led governments accounts for a whopping 58% of all the disinvestment that has taken place since 1991.”

NDA govt. divested twice as much as UPA

GOVERNMENT	DIVESTMENT PROCEEDS (In Crore)	Proportion of Total
Congress (1991-1996)	9961.83	2.75
United Front (1996-1998)	1289.67	0.36
NDA – I (1998- 2004)	33655.59	9.28
UPA – I (2004- 2009)	8515.94	2.35
UPA – II (2009- 20014)	99367.46	27.40
NDA – II (2014- 2019)	209896.11	57.87
TOTAL	363686.60	100

NDA – II Figures up to November 8, 2018
Source: Department of Investment and Public Asset Management (DIPAM), Ministry of Finance.

Future Plan for divestment

The government, through both Prime Minister Narendra Modi's announcements and the Union Budget 2021-22, "has laid out an ambitious agenda for privatisation of public sector undertakings (PSUs), while restricting the government to only strategic sectors. Finance minister Nirmala Sitharaman, on February 1, 2021, announced an elaborate roadmap for disinvestment in the coming fiscal year. In spite of Covid-19, the government has kept working towards strategic disinvestment. A number of transactions namely BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited among others would be completed in 2021-22. Besides IDBI Bank the government would take up the privatisation of two public sector banks and one general insurance company in 2021-22. Apart from that, the government plans to bring the initial public offering (IPO) of state-run insurance behemoth Life Insurance Corporation of India (LIC). In the Budget, the finance minister has announced a clear roadmap for disinvestment of all non-strategic and strategic firms. The government has kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized."

X. Conclusion

Some of the straight conclusion what we can draw from the above disinvestment performance of different alliance is, "Left Front participation in the government will hold back disinvestment. Looking at the performance, NDA alliance is relatively more aggressive than the UPA alliance government. NDA government has used Strategic Sale method along with public offer sale however UPA government has preferred only public offer method. Important point is the degree of disinvestment implementation differs between two different alliances but not policy."

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