



# **NDA govt. divested twice as much as UPA**

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- The current NDA government accounts for a whopping 58% of all the disinvestment that has taken place since 1991, an analysis of data released by the Department of Investment and Public Asset Management (DIPAM) showed.
- The data showed that disinvestment worth Rs.3.63 lakh crore had taken place since 1991, out of which about Rs.2.1 lakh crore came in the last four years alone, with five months still left in this financial year.
- The disinvestment done by the current government so far is already almost twice that done by the UPA government over both its terms in power.

### **Merits of Disinvestment**

- 1.Privatization will lead to better accountability, transparency and help in prevention of redundancy of institutions.
- 2.Financially inefficient and nearly bankrupt state owned enterprises leads to wastage of important state resources by requiring regular capital injections.
- 3.Disinvestment by government will lead to increase in FDI in the country which will help bolster the economy.

Current policy of government of divestment:

- 1.The government promotes public ownership of Central public sector enterprises (CPSEs).
- 2.While disinvesting through minority stake sale in listed CPSEs, the Government retains majority shareholding, i.e. at least 51 per cent of the shareholding and the management control of the Public Sector Undertaking.
- 3.Strategic disinvestment is followed in identified CPSEs by way of selling of substantial portion of Government shareholding upto 50 per cent or more, along with transfer of management control.

### **Shortcomings of governments policy of disinvestment:**

- 1.Investors are generally wary of having government as a partner.
- 2.Existence of huge debts discourage potential investors. Eg: Air India.

3.Arbitrary conditions of government like functioning of sold company as a standalone company act as a deterrent to investors.

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