Share Divestment Proceeds: Panel

Centre to consider suggestions on disinvestment, winding up NIF

Our Bureau

New Delhi: The Centre will examine the 14th Finance Commission's recommendations that the government should share with states the money raised from selling its stake in central public sector enterprises (CPSEs) and that the National Investment Fund (NIF) be wound up.

The commission noted that there is considerable merit in the union government dispensing a small share of proceeds of disinvestment to the states. The commission expects the disinvestment proceeds to grow at 25% a year from 2015-16 to 2019-20.

"In the case of CPSEs with multiple units located in different states, distribution of this share could be uniform across all the states where units are located," the commission said in its report.

It further said all disinvestment receipts should be maintained in the consolidated fund for utilisation on capital expenditure, adding that NIF in the public account should, therefore, be wound up in consultation with Controller General of Accounts (CGA) and Comptroller & Auditor General (CAG). Proceeds from divestment of CPSEs are channelised into NIF, which was set up in 2005.

The commission has identified 88 CPSEs which qualify to be non-priority and deserving of relinquishment. "The union government has to devote attention to supervising them," it said, adding that the route of transparent auctions be adopted to generate sufficient private sector interest.

It has also asked the government devise a policy relating to the new areas of public sector investments and said that it should increase its stake in "high priority" and "priority" CPSEs.

The panel further recommended setting up of Financial Sector Public Enterprises Committee to examine and recommend parameters for appropriate future fiscal support to such enterprises.