

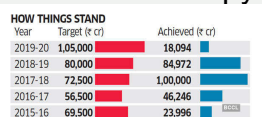
# CORPORATISE FOR AGGRESSIVE DISINVESTMENT

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

New Delhi: The [Economic Survey](#) 2019-20 suggested corporatisation of divestment by forming a new entity where the government's stake in listed central public sector enterprises ( [CPSEs](#)) can be transferred and sold overtime, making a strong pitch for privatisation.

"Aggressive [disinvestment](#) should be undertaken to bring in higher profitability, promote efficiency and increase competitiveness and to promote professionalism in management," said the survey. It cited Singapore's [Temasek Holdings](#) Company which, through a similar model created in 1974, expanded net portfolio fourfold to more than \$230 billion in 2019 from \$66 billion in 2004, while giving a compounded annual return of 15% to shareholders in Singapore dollar terms.

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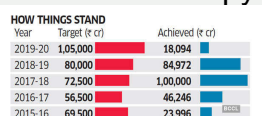
The Temasek-like entity, managed by an independent board, can derive maximum value of government shareholdings, which can, in turn, be used for funding public infrastructure while improving financial performance and efficiency of CPSEs. "This (model) will lend professionalism and autonomy to the disinvestment programme which, in turn, would improve the economic performance of the CPSEs," said the survey.

"The Cabinet has 'in-principle' approved disinvestment in various CPSEs, these need to be taken up aggressively to facilitate creation of fiscal space and improve the efficient allocation of public resources," said the survey. "Analysis clearly affirms privatisation unlocks the potential of CPSEs to create wealth."

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**END**

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