

No. 1(7)/E. Coord./2012  
Government of India  
Ministry of Finance  
Department of Expenditure

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New Delhi, dated 11<sup>th</sup> May, 2012

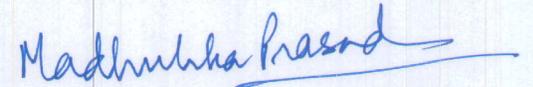
OFFICE MEMORANDUM

Subject:- Listing of Government Companies in the Stock Exchange-reg.

The undersigned is directed to forward a copy of D.O. letter No. 9/1/2008-DD.II dated 18.01.2012 from Shri Sidhartha Pradhan, Additional Secretary, Department of Disinvestment on the subject cited above.

The Financial Advisers, who are on the Board of CPSEs, are requested to emphasize the benefits of listing, as mentioned in the above d.o. letter, and get the CPSEs listed in compliance with the disinvestment policy. Further, Financial Advisers are requested to advise the CPSEs that consequent to listing such Companies would be better able to tap the capital market for capital expenditure requirements instead of depending on Government finances.

Encl. As above.



(Madhulika P. Sukul)  
Joint Secretary (Pers.)  
Tel. No. 2309 3283

To;

All Financial Advisers

Copy for information to:

Shri Sidhartha Pradhan, Additional Secretary, Department of Disinvestment



**Sidhartha Pradhan**  
**Additional Secretary**  
**Tel: 24368041**

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भारत सरकार  
Government of India  
वित्त मंत्रालय  
Ministry of Finance

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Department of Disinvestment  
ब्लॉक नं. 14, के.का. परिसर  
Block No. 14, CGO Complex,  
लोधी रोड़, नई दिल्ली-110003  
Lodhi Road, New Delhi-110003  
Dated: 18.01.2012

D.O. No. 9/1/2008-DD.II

Dear Sir,

The Department of Disinvestment had organized a seminar in collaboration with ICICI Securities Limited in November, 2011 on 'Listing as a Tool for Improved Corporate Governance'. The outcome of the seminar was expected that all Government companies shall get listed that will help improving corporate governance.

2. The listing of companies on stock exchanges has following benefits:

A. IMPROVES CORPORATE GOVERNANCE

- e) The listing, the companies are required higher disclosure levels as mandated by SEBI/stock exchanges and under Company Law; bring in greater transparency and answerability. The oversight mechanism therefore becomes robust and multilayered.
- f) Enhanced corporate governance with the induction of independent directors
- g) Higher levels of investor focused scrutiny and research demand adherence to professional conduct of business resulting in improved corporate culture.
- h) The companies will be subject to market discipline that helps improve the working culture – both at managerial level as well as at the shop floor level. Day-to-day variations in trading price not only benchmark the performance with the competition but also the impact of day-to-day events both at the managerial level as well as the working level.

B. DEVELOPS AND DEEPENS CAPITAL MARKET THROUGH SPREAD OF EQUITY CULTURE.

- e) The process of listing of CPSEs on stock exchanges facilitates development and deepening of capital market and spread of equity culture.
- f) Resources locked in sectors developed enough to raise money from the market are channelised into areas of economy that are less likely to access resources from the market because of their stage of economic development.
- g) When more resources are used for infrastructure development, it creates jobs for large number of unemployed and simultaneously proves for higher economic growth.
- h) This also releases fiscal space for social sector like education, health and sanitation.

E. UNLOCKS TRUE VALUE FOR ALL STAKEHOLDERS

a) Consequent to list, the CPSEs will be able to approach the capital market to raise resources for their capital expenditure requirements as is the case among private sector companies. Thus the dependence on Government funding will be reduced.

F. Raise budgetary resources for the Government.

3. You are requested to advise all Finance Advisors who are on the Board of CPSEs to emphasize the benefits of listing and to get themselves listed in compliance with the disinvestment policy. Further, Finance Advisors should advise the CPSEs to tap the capital market for capital expenditure requirements instead of depending on Government finances.

With regards,

Yours sincerely,



(SIDHARTHA PRADHAN)

Shri Sumit Bose,  
Secretary  
Department of Expenditure,  
Ministry of Finance,  
North Block,  
New Delhi.