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(Results-Framework Document)

for

Department of Disinvestment

(2012-2013)

Section 1: Vision, Mission, Objectives and Functions

Vision

Promote people's ownership of Central Public Sector Enterprises through disinvestment and to release resources for capital investment. Improvement in corporate governance through listing of Central Public Sector Enterprises on stock exchanges.

Mission

1. List all unlisted profitable Central Public Sector Enterprises on stock exchanges and increase public shareholding in the ones listed, to facilitate in: (a) Higher disclosure levels to bring about greater transparency and accountability in the functioning of the Central Public Sector Enterprises. (b) Bringing market discipline to the functioning of Central Public Sector Enterprises. (c) Unlocking the true value of the Central Public Sector Enterprises for all stakeholders – investors, employees, Company and the Government. (d) Develop and deepen the capital market through spread of equity culture. 2. Already listed profitable CPSEs (not meeting mandatory shareholding of 10%) are to be made compliant by 'Offer for Sale' by Government or through issue of fresh shares by the CPSEs or a combination of both. 3. Disinvestment of Government of India shareholding through any other mode, on a case by case basis.

Objective

- 1 To develop people's ownership of Central Public Sector Enterprises through increased participation of retail investors.
- 2 To increase public shareholding in listed Central Public Sector Enterprises
- 3 To ensure listing of Central Public Sector Enterprises on the stock exchanges.
- 4 To create awareness among public about disinvestment process.
- 5 To create appropriate reference tools of structures and processes for sale of shares through public offerings/ Offerings.
- 6 To raise budgetary resources.
- 7 To provide sustainable returns on corpus of National Investment Fund to the Government, without depleting the corpus.
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Functions

- 1 1. (a) All matters relating to disinvestment of Central Government equity from Central Public Sector Enterprises (CPSEs); (b) All matters relating to sale of Central Government equity through offer for sale or private placement in the erstwhile CPSEs; Note: All other post disinvestment matters, including those relating to and arising out of the exercise of call option by the strategic partner in the erstwhile CPSEs, shall continue to be handled by the Administrative Ministry or Department concerned, where necessary, in consultation with the Department of Disinvestment.
- 2 (2) Decisions on the recommendations of Disinvestment Commission on the modalities of disinvestment, including

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restructuring;

- 3 (3) Implementation of disinvestment decisions, including appointment of advisors, pricing of shares, and other terms and conditions of disinvestment;
- 4 (4) Disinvestment Commission;
- 5 (5) CPSEs for purposes of disinvestment of Government equity only; and
- 6 (6) Financial policy in regard to the utilization of the proceeds of disinvestment channelized into the National Investment Fund.

Section 2: Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
[1] To create awareness among public about disinvestment process.	7.50	[1.1] Organize Seminars/Workshops for stakeholders namely; Investor Associations/brokers, in collaboration with SEBI/Stock Exchanges/Other Institutions.	[1.1.1] Number of Seminars/Workshops held	no	7.50	10	9	8	7	6
[2] To create appropriate reference tools of structures and processes for sale of shares through public offerings/ Offerings.	7.50	[2.1] Update handbook on Disinvestment processes and steps involved.	[2.1.1] Revision of Handbook	Date	7.50	31/10/2012	15/11/2012	30/11/2012	15/12/2012	31/12/2012
[3] To provide sustainable returns on corpus of National Investment Fund to the Government, without depleting the corpus.	5.00	[3.1] Investment of National Investment Fund corpus	[3.1.1] Rate of return on the corpus of National Investment Fund	%	5.00	9.00	8.50	8.00	7.75	7.50
* Efficient Functioning of the RFD System	5.00	Timely submission of Draft for Approval	On-time submission	Date	2.0	05/03/2012	06/03/2012	07/03/2012	08/03/2012	09/03/2012
		Timely submission of Results for the year 2011-12 RFD	On-time submission	Date	1.0	01/05/2012	03/05/2012	04/05/2012	05/05/2012	06/05/2012
		Review the Strategic Plan	Finalise review of the Strategic plan for the next 5 years.	Date	2.0	10/12/2012	15/12/2012	20/12/2012	24/12/2012	31/12/2012
* Administrative Reforms	6.00	Implement mitigating strategies for reducing potential risk of corruption	% of implementation	%	2.0	100	95	90	85	80
		Develop an action plan to implement ISO 9001 certification	Finalize an action plan to implement ISO 9001 certification	Date	2.0	10/12/2012	15/12/2012	20/12/2012	24/12/2012	31/12/2012
		Identify, design and implement major innovations	Preparation of Action Plan	Date	0.5	05/07/2012	06/07/2012	07/07/2012	08/07/2012	09/07/2012
			Beginning of Implementation	Date	1.5	05/03/2013	06/03/2013	07/03/2013	08/03/2013	09/03/2013

* Mandatory Objective(s)

Section 2: Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
* Improving Internal Efficiency / responsiveness / service delivery of Ministry / Department	2.00	Implementation of Sevottam	Review and resubmission of Citizen's Charter	Date	1.0	10/12/2012	15/12/2012	20/12/2012	24/12/2012	31/12/2012
			Independent Audit of implementation of public grievance redressal system	%	1.0	100	95	90	85	80
* Ensuring compliance to the Financial Accountability Framework	2.00	Timely submission of ATNs on Audit paras of C&AG	Percentage of ATNs submitted within due date (4 months) from date of presentation of Report to Parliament by CAG during the year.	%	0.5	100	90	80	70	60
		Timely submission of ATRs to the PAC Sectt. on PAC Reports	Percentage of ATRS submitted within due date (6 months) from date of presentation of Report to Parliament by PAC during the year.	%	0.5	100	90	80	70	60
		Early disposal of pending ATNs on Audit Paras of C&AG Reports presented to Parliament before 31.3.2012.	Percentage of outstanding ATNs disposed off during the year.	%	0.5	100	90	80	70	60
		Early disposal of pending ATRs on PAC Reports presented to Parliament before 31.3.2012	Percentage of outstanding ATRS disposed off during the year.	%	0.5	100	90	80	70	60

* Mandatory Objective(s)

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value	Actual Value	Target Value	Projected Value for	Projected Value for
				FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
[1] To create awareness among public about disinvestment process.	[1.1] Organize Seminars/Workshops for stakeholders namely; Investor Associations/brokers, in collaboration with SEBI/Stock Exchanges/Other Institutions.	[1.1.1] Number of Seminars/Workshops held	no	16	10	10	5	2
[2] To create appropriate reference tools of structures and processes for sale of shares through public offerings/ Offerings.	[2.1] Update handbook on Disinvestment processes and steps involved.	[2.1.1] Revision of Handbook	Date	--	16/06/2011	31/10/2012	--	--
[3] To provide sustainable returns on corpus of National Investment Fund to the Government, without depleting the corpus.	[3.1] Investment of National Investment Fund corpus	[3.1.1] Rate of return on the corpus of National Investment Fund	%	10	8	9	--	--
* Efficient Functioning of the RFD System	Timely submission of Draft for Approval	On-time submission	Date	--	--	06/03/2012	--	--
	Timely submission of Results for the year 2011-12 RFD	On-time submission	Date	--	--	03/05/2012	--	--
	Review the Strategic Plan	Finalise review of the Strategic plan for the next 5 years.	Date	--	--	15/12/2012	--	--
* Administrative Reforms	Implement mitigating strategies for reducing potential risk of corruption	% of implementation	%	--	--	95	--	--
	Develop an action plan to implement ISO 9001 certification	Finalize an action plan to implement ISO 9001 certification	Date	--	--	15/12/2012	--	--
	Identify, design and implement major innovations	Preparation of Action Plan	Date	--	--	06/07/2012	--	--

* Mandatory Objective(s)

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
		Beginning of Implementation	Date	--	--	06/03/2013	--	--
* Improving Internal Efficiency / responsiveness / service delivery of Ministry / Department	Implementation of Sevottam	Review and resubmission of Citizen's Charter	Date	--	--	15/12/2012	--	--
		Independent Audit of implementation of public grievance redressal system	%	--	--	95	--	--
* Ensuring compliance to the Financial Accountability Framework	Timely submission of ATNs on Audit paras of C&AG	Percentage of ATNs submitted within due date (4 months) from date of presentation of Report to Parliament by CAG during the year.	%	--	--	95	--	--
	Timely submission of ATRs to the PAC Sectt. on PAC Reports	Percentage of ATRS submitted within due date (6 months) from date of presentation of Report to Parliament by PAC during the year.	%	--	--	95	--	--
	Early disposal of pending ATNs on Audit Paras of C&AG Reports presented to Parliament before 31.3.2012.	Percentage of outstanding ATNs disposed off during the year.	%	--	--	95	--	--
	Early disposal of pending ATRs on PAC Reports presented to Parliament before 31.3.2012	Percentage of outstanding ATRS disposed off during the year.	%	--	--	95	--	--

* Mandatory Objective(s)

Section 4: Description and Definition of Success Indicators and Proposed Measurement Methodology

Disinvestment through public offerings is fairly new and is in the process of evolution and gradual acceptance by the CPSEs and the investors. Therefore, no concrete plan could immediately be drawn up. This would be possible once all the Administrative Ministries and CPSEs concur and their proactive support is available till execution of the transaction. However, to raise the mandated budgetary resources a tentative plan is prepared based on indications received during dialogue with the Administrative Ministries and the CPSEs. The plan is reviewed and updated on a regular basis keeping in view the concurrence of the Administrative Ministry and the preparedness of the CPSE. The success is measured in terms of funds raised against the budget estimates/revised estimates. Public Offerings, however, depend on compliance and approval of the regulatory authorities like Securities and Exchange Board of India, Reserve Bank of India, Registrar of Companies. Appointment of the required number of independent directors on the Board of the CPSEs concerned is a critical factor without which it is impossible to get SEBI approval for the public offering.

Section 5:
Specific Performance Requirements from other Departments

Department	Relevant success indicators	What do you need?	Why do you need?	How much you need?	What happens if you don't get it?
I. Administrative Ministry concerned with the CPSE whose shares are planned for public offering	<p>1. Raise funds of Rs.30000 crore</p> <p>2. Number of Public Offerings</p>	<p>The fund requirement of CPSEs and their willingness is required to be confirmed by the Administrative Ministry to formulate the proposal particularly the quantum of offering i.e. offer for sale by Government of India and fresh issue of shares by the CPSE.</p>	<p>The Administrative Ministry in-charge of the CPSE holds shares in it on behalf of the President of India and is better placed to assess and recommend the quantum of funds required to be raised from the capital market. It also understands the issues faced by the CPSE and the strategic reasons for maintaining a particular percentage of GOI holding in it.</p>	<p>Full concurrence and continued proactive support till execution of the transaction.</p>	<p>The offering cannot be pursued.</p>

<p>II. Administrative Ministry of CPSE, Department of Public Enterprises and Department of Personnel and Training</p>	<p>-do -</p>	<p>Appointment of independent directors.</p>	<p>Mandatory requirement for listing.</p>	<p>In the appointment of independent directors all these departments have an important role to play in seeking appropriate approval. Any delay or the approval not coming through or coming late will affect the public offering adversely.</p>	<p>SEBI will not give approval for the Public Offering.</p>
<p>III. Department of Public Enterprises</p>	<p>-do -</p>	<p>1. Issue instructions to CPSEs to amend Articles of Association to provide for buy-back</p>	<p>This will provide the CPSEs options to manage their treasury operations effectively and in the process disinvestment will also get a boost.</p>	<p>Full support</p>	<p>-Do-</p>

		2. Amend guidelines pertaining to surplus funds to provide for buy-back and purchase of shares of other CPSEs	-Do-	Full support	-Do-
		3. Listing on stock exchanges with at least 10% public shareholding should be made mandatory before conferring miniratna, navratna or maharatna status.	Since miniratna, navratna or maharatna status provides more autonomy to the CPSE, the same should go hand in hand with higher accountability; such conditionality will encourage CPSEs to come forward for listing in accordance with the disinvestment policy of the Government.	Full support is required. This will provide a conducive environment for taking more and more companies to the capital market and to thus achieve the disinvestment policy objective, as well as, the targets.	The implementation of Disinvestment policy and disinvestment receipts will be adversely affected.

		4.Unlisted Miniratna, navratna should be asked to list on the stock exchanges within a period of two years, failing which, the status should stand withdrawn.		-D0-	-D0-
		5.Listing should be included as one of the parameters in the Memorandum of Understanding entered into by the Government with the CPSE every year as an incentive for rewarding CPSEs, with appropriate weightage			

Section 6: Outcome/Impact of Department/Ministry

Outcome/Impact of Department/Ministry	Jointly responsible for influencing this outcome / impact with the following department (s) / ministry(ies)	Success Indicator	Unit	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
1 Raise budgetary resources and to improve corporate governance through market discipline in CPSEs		Funds raised through Offerings. *FY 12-13 as announced by FM in Budget Speech 2012. Projected figures for disinvestment proceeds for 2012-13 and 2013-14 are as per the Medium Term Fiscal policy Statement submitted in the Union Budget for 2012-13	Amount in Cr.	22144	13894.05	30000	25000	TBD
		Receipts as %age of GDP *Projected figures for FY 12-13 & FY 13-14 of growth rate of GDP at current market price is as per the Medium Term Fiscal Policy Statement submitted in the Union Budget for 2012-13 and subject to budgetary targets approved by the Parliament.	%age	0.29	0.16	0.30	0.21	TBD
2 Increased accountability through listing of CPSEs on the stock exchanges	- CPSEs - DPE	Number of CPSEs additionally listed on stock exchanges	No					
		%age of eligible CPSEs listed on stock exchange	%age					
3 Increased participation of Public		%age of CPSE shares held with public for the CPSEs listed in the year	%age					
4 Increased participation of Retail Investors		%age of CPSE shares held with retail investors for the CPSEs listed in the	%age					

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		year.						
5 Return on corpus of National Investment Fund		Rate of return on National Investment Fund	%age			9	TBD	TBD