

Corrigendum/Explanation SFG 2026 Level 1 Test 16

There are no changes to the solutions/answers. Explanations have been provided for the students who have raised doubts.

In Q.6) There was a doubt raised with respect to Option/Scenario II of the question “Substantial sale of Government equity in a Central Public Sector Enterprise to another Central Public Sector Enterprise alongwith the management control of the enterprise, will be considered strategic disinvestment or not?

Explanation- Option/Scenario II is correct. Sale of substantial equity of the government alongwith the management control to another central public sector enterprises is a type of strategic disinvestment.

The question is asking about the scenarios of strategic disinvestment and not just privatization. As per the Department of Investment and Public Asset Management, Ministry of Finance, Government of India- **Strategic Disinvestment implies entire or substantial sale of Government shareholding of a CPSE along with transfer of management control. In case of Privatization, which is a sub-set of strategic disinvestment, the Government equity in CPSE and its management control is transferred to a private strategic buyer(s) and in other cases of strategic disinvestment, the Govt. equity is transferred to another CPSE along with control.**

Also the Government of India has clarified that “As a general policy, Public Sector Enterprises (PSEs)[Central/State/ Joint] / State Governments/ Cooperative Societies controlled by the Governments (i.e. where 51% or more ownership is by the Central Government/ State Governments/Jointly by Central and/ or State Governments) are not permitted to participate in the strategic disinvestment/ privatisation of other PSUs as bidders unless otherwise specifically approved by the Central Government in public interest.” **But there is not any blanket ban on the Substantial sale of Government equity in a Central Public Sector Enterprise to another Central Public Sector Enterprise alongwith the management control of the enterprise.**

Note: We have discussed the question again with the faculty and have concluded that the question is simply asking that out of the given scenarios, which will be considered the strategic disinvestment and option/scenario II qualifies the criteria for being a strategic disinvestment as per the Government of India. **Sir will again discuss the question in the class if time permits.**

Source: <https://dipam.gov.in/disinvestment-policy>

https://dipam.gov.in/dipam_docs/whatsNew/OM_dated_19th_April,_2022_0001.pdf