

# Strategic disinvestment of Central Electronics Ltd

December 1, 2021

**In news-** Recently, the Union Government has approved strategic disinvestment of Central Electronics Limited(CEL).

## **Key updates-**

- The process for disinvestment of CEL commenced in 2016 with the 'in-principle' approval of CCEA.
- The Cabinet Committee on Economic Affairs (CCEA) empowered Alternative Mechanism (AM) has approved the highest price bid of M/s Nandal Finance and Leasing Pvt Ltd for sale of 100% equity shareholding of GoI in CEL.
- The winning bid was for Rs 210 crore sixty thousand rupees.
- The next step will be to issue the Letter of Intent (LoI) and then sign the Share Purchase Agreement following which, the conditions precedent would need to be satisfied by the successful bidder, the company and Government.

## **Central Electronics Ltd-**

- It is a **Govt. of India Enterprise under the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology.**
- It was **established in 1974**, with an objective to commercially exploit indigenous technologies developed by National Laboratories and R&D Institutions in the country.
- Its manufacturing unit is located at Sahibabad, district Ghaziabad in the state of Uttar Pradesh.
- It is **a pioneer in India in the areas of solar photovoltaics**, ferrites and piezo ceramics.
- Its solar products have been qualified to International

Standards IEC.

- CEL has also developed axle counter systems that are being used in Railway signaling systems for safe running of trains.

### **What is the difference between strategic disinvestment/sale and disinvestment?**

- Selling minority shares of Public Enterprises, to another entity be it public or private is disinvestment. In this the government retains ownership of the enterprise.
- Strategic disinvestment would imply the sale of a substantial portion of the Government shareholding of central public sector enterprises of up to 50%, or such higher percentage as the competent authority may determine, along with transfer of management control. Here, the government gives up the ownership of the entity as well.

### **Strategic Disinvestment in FY 2021-22-**

A number of transactions namely BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited among others are proposed to be completed in FY 2021-22.