

LIC IPO, SALE OF BPCL, IDBI BANK IN FY23

Disinvestment receipts at decade's low in FY22

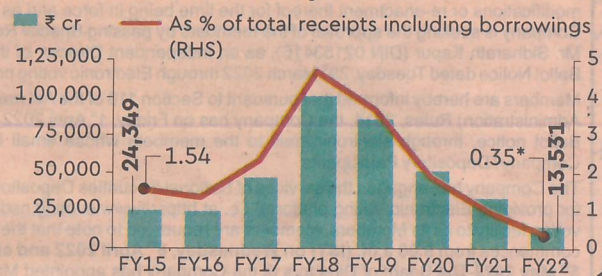
PRASANTA SAHU
New Delhi, April 3

THE CENTRE MISSED its original disinvestment target of ₹1.75 trillion for FY22 by a huge margin by collecting only ₹13,531 crore. That was lowest mop-up after the disinvestment programme was revived in FY10. It could, however, break a new record on this front in FY23. Going by the current plan, the

Centre's disinvestment revenues could exceed the annual disinvestment target of ₹65,000 crore for the current fiscal in Q1 itself, thanks to proposed LIC IPO. DIPAM will then have sufficient time to pursue other big-ticket transactions such as strategic disinvestment of IDBI Bank and CCI in the remainder of the current financial year.

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Disinvestment receipts



*Revised estimate

Disinvestment receipts at decade's low in FY22

Department of Investment and Public Asset Management (DIPAM) has started the new financial year by collecting about ₹3,000 crore from a 1.5% stake sale in oil explorer Oil and Natural Gas Corporation via offer for sale held on March 30-31. Another ₹600 crore is expected from the buyback of shares by Gail India in April.

A 5% stake sale in LIC, which could have fetched ₹65,000-70,000 crore, was enough to achieve the revised (RE) disinvestment receipt target of ₹78,000 crore (down 56% from the budget estimate of ₹1.75 trillion) for FY22. Without the LIC IPO, the government's disinvestment receipts was just 8% of the budget estimate and 17% of the RE.

The disinvestment receipts were ₹14,000 crore against the target of ₹40,000 crore in FY12. Receipts of ₹1 trillion in FY18 are the highest disinvestment revenue garnered in a year, but a large chunk of this (₹36,915 crore) came through a PSU-to-PSU transaction (acquisition of HPCL by ONGC).

The market volatility after the outbreak of Ukraine-Russia war has forced the government to postpone the proposed LIC IPO in March 2022, but it may hit market in April as market sentiment has improved.

Besides LIC IPO, some of the big-ticket strategic sales such as that of fuel retailer-cum-refiner BPCL and IDBI Bank, originally planned for FY22, may be taken forward in FY23. There is some concern among officials that the recent freezing in prices of petrol and diesel, which are decontrolled, by state-run fuel retailers may further delay its privatisation. The market value of the Centre's entire stake in BPCL is worth about ₹43,000 crore at the current prices.

The other big-ticket rollovers to the next financial year include the government's proposed 45.48% stake in IDBI Bank worth about ₹22,000 crore at the current market prices. The expression of interest for IDBI Bank may be floated this month.