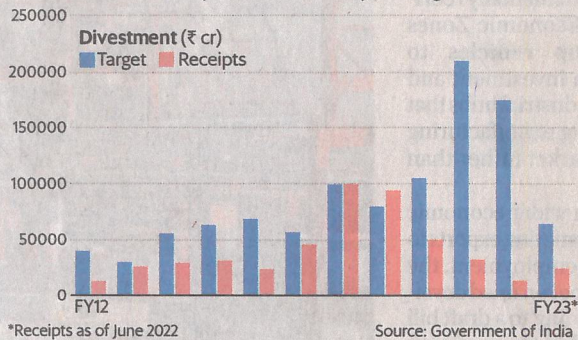


## Way off target

The Centre is aiming at ₹65,000 crore from divestments in FY23, but actual receipts have been way off target of late.



PARAS JAIN/MINT

# Weak market, legal challenges hold up key disinvestments

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The government may fail to meet its asset-sales target again as a combination of reasons, including poor market sentiments and legal challenges, has delayed planned disinvestments of state-run companies.

Disinvestments of Shipping Corp. of India, BEML Ltd, NMDC Ltd's Nagarnar plant, Central Electronics Ltd (CEL), Pawan Hans, and Concor have been either delayed or held back, people aware of the developments said, adding that the challenges faced in completing ongoing strategic sales were also delaying those in the

pipeline.

"Legal issues have cropped up in cases of CEL and Pawan Hans, even after the disinvestment process was complete, but the transactions have been held up," a senior official said, requesting anonymity.

The government is yet to decide on whether it will reconsider the entire transaction process of CEL, where an examination of allegations made by the public sector enterprises' employees union was being done, due to which the letter of intent to the winning bidder Nandal Finance and Leasing Ltd has been put on hold. The company's bid was approved for ₹260 crore in

# Challenges hold up key divestments

FROM PAGE 1

November 2021.

A second official said the sale of non-core assets in Shipping Corp. of India, BEML and NMDC's Nagarnar steel plant was moving at a slow pace as the companies have to separate the assets before the transactions can take place.

Mint reported last month that Shipping Corp.'s Mumbai headquarters Shipping House, a training institute in Powai and some other properties will not be sold but be transferred to the demerged Shipping Corp. of India Land and Assets Ltd.

As part of its strategic disinvestment strategy, the government will transfer its entire shareholding of 63.75% in Shipping Corp., along with management control, to a private entity.

"Only a handful of firms such



The government has lined up over half-a-dozen companies for strategic sales this fiscal.

as HLL Lifecare and Projects and Development India are making progress," the official said, noting that several companies have evinced interest.

Queries sent to the spokespeople for the department of investment and public asset management (Dipam) and the finance ministry remained un-

answered as of Sunday evening.

The government has set a target to raise ₹65,000 crore from divestment in the year to 31 March. It has lined up over half-a-dozen companies for strategic sales, including Ferro Scrap Nigam Ltd, Vizag Steel, IDBI Bank, and HLL Lifecare, but so far, it has been able to raise ₹24,543.67 crore, through the Life Insurance Corp. of India's initial public offering, offer for sale of Oil and Natural Gas

Corp. Ltd and Paradeep Phosphates Ltd and buyback of GAIL (India) Ltd's shares.

A senior finance ministry official said the government was planning to come out with an expression of interest (EoI) document for the sale of shares

in IDBI Bank by next month after getting clarity from the Reserve Bank of India on the structure and deal size of the proposed sale.

The government recently conducted roadshows in the US. Based on the feedback from

investors, it will seek clarity on the deal size, guidelines or conditions on mergers, consortium composition and the glide path for the government to reduce its equity holding in the

**The sale of the gov't residual stake of 29.54% in Hindustan Zinc may also help the Centre meet its disinvestment goal**

bank.

The sale of the government's residual stake of 29.54% in Hindustan Zinc Ltd may also help it meet the disinvestment target. The stake's market value is expected to be about ₹32,000 crore.