

Disinvestment target may stay elevated for FY24

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New Delhi, 14 November

The central government is expecting not to miss its disinvestment target for this fiscal year by much, if at all, as it looks to bring in ₹35,000 crore from the sale of its residual stake in Hindustan Zinc (HZL). It also may keep the disinvestment Budget Estimate (BE) for 2023-24 elevated as some large asset-sale proceeds, which are in the pipeline, are expected next fiscal year, according to government officials

Of the ₹65,000-crore disinvestment target for the current fiscal year, the government has, so far, raised ₹24,544 crore.

“An internal assessment meeting on disinvestment proceeds and outlook for the next fiscal year will be starting next week. We expect HZL (stake sale) to go through this year. The BE for FY24 will factor in high-value disinvestments, which are in the pipeline and are expected to spill over to the next year,” a senior official told *Business Standard*.

He stressed that the asset-sale target typically depends on the proceeds in process and market outlook.

Some of the major privatisation bids in the pipeline include IDBI Bank stake sale and divestment in Container Corporation of India (Concor) and Shipping Corporation.

“The strategic sector requires a great deal of due diligence, which takes a lot of time. We hope to complete the sale of the residual stake in Hindustan Zinc in the current fiscal year,” said another official.

At the current market cap, the govern-

ment's stake in HZL is worth nearly ₹35,000 crore.

The government expects to conclude the IDBI Bank stake sale in FY24 as it involves a two-stage process, wherein potential bidders will require to meet the Reserve Bank of India's “fit and proper” criterion before making financial bids.

In October, the Centre invited initial bids to sell a 60.72 per cent stake in IDBI Bank and asked to submit bids by December 15. The Department of Investment and Public Asset Management (DIPAM) – which deals

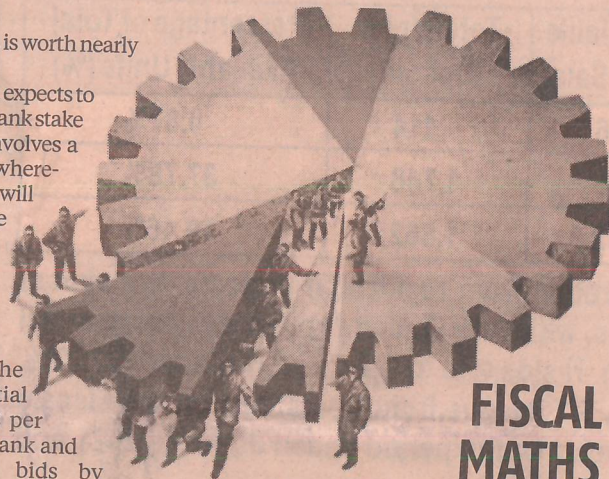
with PSU stake sale matters – would be in a position to invite financial bids by the end of March only. Typically, the stake sale process requires at least nine months, so the deal is likely to be close in FY24.

The sources said that the government expects over ₹60,000 crore from the IDBI stake sale.

Another major divestment bid concerns Concor, which has started roadshows and is expected to invite bids in a month or two. But the deal would unlikely close this year as it was awaiting clarity on the land lease policy.

“We are beginning the roadshows and subsequently will seek expressions of interest (EoI), and after that, the process will take nine-12 months,” an official said.

Disinvestment in Shipping Corporation, too, is expected to be con-



FISCAL MATHS

FY23 DISINVESTMENT TARGET:
₹65,000 crore

Govt has collected so far (from LIC IPO, ONGC's offer for sale):

₹24,544 cr

Govt expects to sell entire **29.5%** residual stake in Hindustan Zinc this fiscal year

HZL stake's worth nearly **₹35K cr**

Major asset sales in the pipeline for FY24

- ▶ IDBI Bank
- ▶ Concor
- ▶ Shipping Corp

cluded next year as it is in the advance stage of demerger. Sources said that an inter-ministerial group of ministers met on Monday to push the demerger process, so that expressions of interest can be sought before March.