Govt likely to take OFS route for divestment

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The government may take the offer-for-sale (OFS) route for listed public sector enterprises to meet the FY23 disinvestment target of ₹65,000 crore, a person familiar with the plans said.

The OFS of ONGC Ltd and IRCTC Ltd have already fetched ₹ 3026.23 crore and ₹ 2723.73 crore respectively, taking the total proceeds so far from disinvestment to ₹31,106 crore. The bulk of the proceeds have come from the initial public offer of Life Insurance Corp. of India which netted ₹20,516.12 crore.

The government will now proceed with the OFS of Hindustan Zinc Ltd, where it may offload 5-10% stake, the official cited above said. The sale will require approval from the market regulator and may be done in early 2023.

While the government has started strategic disinvestments of large PSEs such as IDBI Bank, Shipping Corporation of India, BEML, PDIL and HLL Lifecare, with others such as Container Corp. of India expected sometime soon, the transactions are unlikely to be concluded this financial year. By proceeding with more OFS, the government would be continuing with the trend of banking on selling small stakes in listed PSUs, similar to sales in the past three to four years.