

Disinvestment set to be off target this year as well

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The government has managed to rake in only ₹22,000 crore through stake sales and buybacks in April-September

The government has lined up an ambitious list of candidates for disinvestment in the current fiscal, but despite efforts, it is likely to miss the target.

Official sources said while the next few months would be “action filled,” and the stake sale from the Specified Undertaking of the Unit Trust of India (Suuti) would kick off, there is a possibility that the ₹56,500-crore target would be missed. The government has so far managed to get ₹22,000 crore through various modes, including buybacks. This means that the government has to fetch over ₹ 35,000 crore in the remaining six months. A difficult task, considering that the global slowdown is already affecting investor sentiment, and a rate hike by the Federal Reserve is round the corner.

The ₹56,500-crore target for the current fiscal is already a reduction from ₹69,500 crore in 2015-16. The government had failed to meet the target last year, as well as in some previous years as well.

“Though the target was lowered this year, it is stiff. There is a slim possibility that we might miss our target by a small margin,” said an official source, seeking anonymity.

The government, however, is planning to step on the gas to carry out the exercise. It is already preparing to divest stake in several PSUs, including Container Corp of India and Bharat Earthmovers. It is also looking to sell 10% each in NMDC, National Aluminium Co and Moil Ltd in the January-March quarter.

It may also sell a few hotels under the India Tourism Development Corporation’s (ITDC’s) Ashoka umbrella.

“The Centre is expected to go on top gear with the divestment exercise...in the first six months, it has got over ₹20,000 crore... so even if the disinvestment target is missed, it will be just by a few thousands,” said Soumya Kanti Ghosh, chief economic adviser, State Bank of India.

A government official said the Suuti stake sale will help them in adhering to the fiscal deficit target of 3.5% of GDP for this year.

SUUTI, an offshoot of the erstwhile state-run investment firm Unit Trust of India (UTI), has minority stakes in 51 companies, with the maximum holding in Axis Bank (11.93%), ITC (11.17%), and Larsen and Toubro (8.32%). According to merchant bankers, the stake sale in the three large companies could help the government raise close to ₹60,000 crore. The Centre has appointed bankers for the stake sale.