

# Disinvestment target may fall short by 60%

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WITH THE ELECTION season approaching, the government is going slow on large strategic disinvestment plans including that of IDBI Bank. They are likely to be pushed back to beyond the current financial year, according to sources privy to the discussions in this regard.

This would result in a shortfall of ₹30,000 crore or 60% in disinvestment receipts in the year, compared with the relatively modest Budget estimate (BE) of ₹51,000 crore.

Disinvestment receipts were ₹35,293 crore or 54% of the targeted ₹65,000 crore in FY23. The last time the disinvestment target was achieved was in FY19, when ₹84,972 crore was mobilised against a target of ₹80,000 crore.

“Big ticket strategic disinvestment deals may not happen,” one of the sources said. However, the likely shortfall won’t impact the government’s fiscal maths as tax and non-tax revenues might overshoot Budget estimates and bridge the shortfall on the disinvestment receipts front.

With states including Madhya

## LIMITED IMPACT



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■ The shortfall would not have any impact on budgeted revenues at an aggregate level as dividends from the RBI and state-run entities are expected to exceed the target by a substantial margin in FY24

■ Centre's total dividend receipts could exceed the Budget target by around **₹60,000 crore** in FY24, according to an analysis by FE

Pradesh, Rajasthan and Chattisgarh going to elections in November-December and general elections due in April-May 2024, there is a lack of political will at this juncture to carry out big-ticket strategic sales. Given the progress on the IDBI stake sale process, the transaction otherwise was eminently doable within FY24.

However, another source maintained that the process was still on to conclude

the deal before March 2024. “We will do our best to conclude this (IDBI Bank) in this financial year,” the person said.

The RBI is still vetting the credentials of bidders before the government proceeds further in the process, such as opening the data room of the bank to the eligible bidders.

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sweetened for investors with the government, markets regulator Sebi and RBI extending some necessary regulatory forbearance.

Given the larger surplus receipts from the RBI and likely healthy profits of state-run entities, the Centre's total dividend receipts could exceed the Budget target by around ₹60,000 crore in FY24, according to a FE analysis.

Besides IDBI Bank, strategic disinvestment of Container Corporation (ConCor) is also unlikely to happen in the current financial year. So far in the current financial year, the government has mobilised around ₹5,600 crore or 11% of the annual target, largely from offers for sales (OFS) in Coal India and Rail Vikas Nigam. A few other OFS are also expected in the current financial year, including Indian Railway Finance Corporation.

The proposed disinvestment of a 30.8% stake to a strategic buyer in ConCor worth about ₹12,400 crore at the current market prices is

IDBI BANK'S SHARE price closed at ₹61.37 on the BSE on Thursday, down 1.05% from the previous close.

The government's comfortable fiscal position means the disinvestment shortfall would not have any impact on budgeted revenues at an aggregate level as dividends from the Reserve Bank of India and state-run entities are expected to exceed the target by a substantial margin in FY24.

On January 7, the Centre received multiple expressions of interest (EoIs) from domestic and foreign investors for the 60.72% stake in IDBI Bank, which will go to the successful bidder along with management control. The offer comprises 30.48% from the government (current market value ₹20,100 crore) and 30.24% from LIC, the current promoter.

The IDBI Bank deal was

hanging fire since 2019. Even if EoI is floated now, the ConCor transaction would spill over to next year as it could take 9-12 months to conclude the transaction.

There are a few other strategic sales such as NMDC Steel, Shipping Corporation and BEML which are at various stages before financial bids are

called for their sale.