

IDBI divestment unlikely this fiscal

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The proposed sale of the government's stake in IDBI Bank is unlikely to happen this fiscal, two people with direct knowledge of the matter said, posing a challenge to the Centre's ability to meet the ₹51,000 crore disinvestment target for the year.

The government's earlier plan involved issuing financial bids for IDBI Bank by December and completing the transaction in the fourth quarter of the fiscal. The government expected more than ₹15,000 crore from the IDBI Bank stake sale, the financial due diligence for which began in July.

However, despite the delay, the government expects higher non-tax revenues, including



The Centre expected to raise more than ₹15,000 crore from the IDBI Bank stake sale. **MINT**

dividends from the Reserve Bank of India (RBI) and state-run banks, to offset any revenue shortfall from disinvestment and maintain the fiscal deficit target of 5.9% of gross

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domestic product (GDP).

"The divestment of IDBI Bank is likely to be pushed to the next fiscal," said one of the two people cited above on condition of anonymity. "We are unlikely to achieve the divestment target this year. However, we have offsetting positives in the non-tax revenues front, including higher dividends from RBI and likely higher dividends from banks," the person added.

Mint first reported the deferral of the IDBI Bank privatization on 17 March.

RBI transferred ₹87,416 crore as dividend to the government for FY23. An additional dividend of about ₹13,800 crore was received from publicly traded state-run banks during the year.

The government's divestment target of ₹51,000 crore for FY24 is lower than the initial estimate for the previous fiscal. The estimate for FY23 was, however, cut to ₹50,000 crore from the earlier target of ₹65,000 crore. "There is a delay



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(in the divestment process), but it's not an unfair delay," said the second person, who spoke on condition of anonymity.

A spokesperson for the finance ministry didn't respond to queries. The Centre planned to sell its stake in IDBI Bank, Shipping Corp. of India Ltd, BEML Ltd and Container Corp. of India Ltd during the year.

Last year, it shelved the strategic disinvestment of Bharat Petroleum Corp. Ltd, which was expected to generate ₹50,000-60,000 crore. Plans to revive the divestment pro-

cess were not pursued as the cooling of oil prices depressed valuations. During FY23, the divestment of Central Electronics Ltd was scrapped after the selected bidder failed to disclose its ongoing litigation in the National Company Law Appellate Tribunal (NCLAT).

Earlier this year, the government scrapped the strategic divestment of Pawan Hans Ltd after it disqualified the successful bidder that had failed to disclose the litigations of its consortium partners.

"The government's goal of strategically divesting its stake in various public sector companies is an ongoing process," the first person said. "As far as divestment is concerned, many things have to be considered and looked into, like regulatory and due diligence processes, before decisions are taken."

The government and Life Insurance Corporation of India (LIC) hold 94.72% stake in IDBI Bank. While LIC has a 49.24% stake, the Centre holds 45.48% in the lender.

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