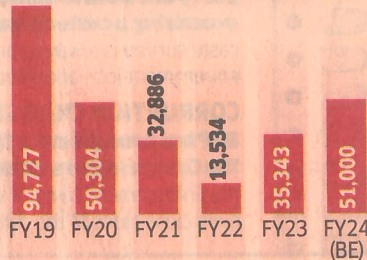


# Govt Takes a Hard Look at Divestment Calendar

With eye on right asset price and investor interest, finmin may adopt a 'prudent selloff' approach

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## DISINVESTMENT REVENUE (₹ cr)



Source: Budget documents



**New Delhi:** The finance ministry is revising its disinvestment schedule following the recent stock market selloff amid high volatility triggered by global factors, said people aware of the details.

The ministry is likely to adopt a "prudent selloff" approach now, one official told ET, adding there won't be "divestment for the sake of divestment anymore" and the government will remain mindful of the right price for its assets as well as the interests of investors.

While the ministry is still focused on disinvestments already announced, "factors beyond its control" have tied its hands and could impact internal timelines, especially for the offers for sale (OFS), he added.

Disinvestment revenues, said another official, are expected to fall short of the ₹51,000 crore target for FY24. Only ₹8,000 crore has come via disinvestment so far this fiscal, according to the latest Department of Investment and Public Asset Management (DIPAM) data. The likely lower realisation is not expected to upset the government's fiscal calculations, with disinvestment accounting for less than

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2% of its total non-debt receipts.

DIPAM is working with merchant bankers on the OFS timing for issues under consideration to ensure existing investors in those entities are not shortchanged due to the offloading of additional equity shares in the markets at this juncture, the first official said.

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# Offers for Sale in Pipeline

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The Sensex has dropped about 5.7% from its mid-September all-time high of 67,927, giving up 3.6% in the last five sessions alone.

On Wednesday, the widely followed benchmark ended 523 points down at 64,049.

Offers for sale from Hindustan Zinc, Indian Railway Finance Corp, Rashtriya Chemicals and Fertilizers, and National Fertilizers among others are possible. The government doesn't typically announce the timeline in advance to prevent market speculation or manipulation.

In the current year, it has sold shares in Coal India, Rail Vikas Nigam, Housing and Urban Development Corporation (Hudco) and SJVN.

Recently, shares of Hudco and power producer SJVN fell after the go-



vernment announced offers for sale at discounted prices. Analysts said Life Insurance Corporation of India subscribed to more than half of the Hudco OFS.

The government is now focusing on strategic disinvestment of companies that have already been identified, including IDBI Bank, Shipping Corporation of India, NMDC Steel and IREDA, before adding other potential candidates to the list, officials have said.

The government, however, is factoring in revised disinvestment es-

timates for this fiscal year, said the second official cited earlier.

ET reported on Tuesday that the government expects to meet its fiscal deficit target for the year, pegged at 5.9% of GDP. The Centre's fiscal deficit in the first five months of this fiscal year hit 36% of the FY24 target compared with 32.6% of the FY23 target at the same point a year earlier.

Extra spending on some heads or revenue shortfall are expected to be met through savings elsewhere.

In FY23, the government realised only around 71% of the targeted Rs 50,000 crore through disinvestment.

Shares of state-run companies have been among the best-performing stock market categories. As of October 18, before the latest market selloff, the BSE CPSE index had yielded a 46.1% one-year return, way above 12.8% for the Sensex.