

# Govt to tap OFS route in rest of FY

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The government plans to tap the offer-for-sale (OFS) route for disinvestments in listed public sector enterprises during the rest of the fiscal year instead of initiating fresh strategic sales, a government official said.

"Towards the end of the fiscal year, there are usually a few OFS," the official said, adding this would not be done with the aim of meeting budget targets. "Some PSUs (public sector undertakings), where the minimum shareholding norms have to be met, may be considered," the official said on condition of anonymity.

The government decided against strategic disinvest-



Due to a weak market, the Centre decided against strategic sales.

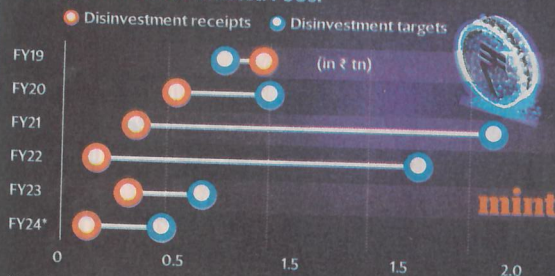
ments given weak market conditions, the official said. It is also averse to strategic divestments in PSUs that operate in states going into elections.

Governments go easy on disinvestments ahead of elections

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## Change of plans

The budget had set a ₹51,000-crore disinvestment target for 2023-24. With higher OFS, it would continue to bank on selling small stakes in listed PSUs.



\*Receipts as of November 2023.

Source: Gov

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# Govt may tap OFS for disinvestments in rest of FY24

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since many investors are wary of possible political changes, a senior economist said on condition of anonymity.

Queries to the finance ministry remained unanswered.

The government had started work on large strategic disinvestments in IDBI Bank Ltd, Shipping Corp. of India Ltd, BEML Ltd, Projects and Development India Ltd and HLL Lifecare Ltd, and was also considering Container Corp. of India Ltd; however, none of these transactions are likely to be concluded this year.

Till November, the government raised ₹8,000 crore from disinvestments, with more than half of it coming from a 3% stake sale in Coal India Ltd through an OFS. About ₹3,700 crore came from selling 5.36% in Rail Vikas Nigam Ltd, 4.92% in SJVN Ltd and 7% in Housing And Urban Development Corp. Ltd (Hudco) last month, all through the OFS route. Meanwhile, the plan to sell 5-10% of Hindustan Zinc Ltd through an OFS is hanging fire.

**The Union budget had set a target of ₹51,000 crore from disinvestments in 2023-24**

The Union budget had set a target of ₹51,000 crore from disinvestments in 2023-24. With higher 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. Against a disinvestment target of ₹65,000 crore in 2022-23, the government raised ₹31,106 crore, with the bulk of it— ₹20,516.12 crore—coming from the initial public offering of Life Insurance Corp. of India Ltd. Separately, OFS in ONGC Ltd and Indian Railway Catering and Tourism Corp. Ltd (IRCTC) fetched ₹3,026.23 crore and ₹2,723.73 crore, respectively.

In 2021-22, OFS in NMDC Ltd, Hudco and Hindustan Chemicals Ltd fetched ₹5,112 crore, of the total proceeds of ₹13,530 crore. Its target in the fiscal year was ₹1.75 trillion.

In 2020-21, it conducted OFS in Hindustan Aeronautics, Bharat Dynamics, IRCTC, Steel Authority of India, Ircon International, Tata Communications Ltd and Rail Vikas Nigam.