

# Govt plans lower stake sale target in FY25, no big names

RINL may join FY25's divestment candidates including Concor, IDBI Bank, Shipping Corp

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**T**he Centre is likely to reduce its divestment target for FY25 and complete stake sales processes initiated during the current fiscal FY24, while not making any new big-ticket additions to its divestment list for the upcoming fiscal, two people aware of the matter said.

In FY24, the Centre had planned to sell its stake in IDBI Bank, Shipping Corp. of India Ltd, BEML Ltd and Container Corp. of India Ltd. However, these divestments didn't materialise and will spill over to the next fiscal. Other likely candidates for divestment during FY25 are Rashtriya Ispat Nigam Ltd (RINL) and some subsidiaries under the AI Assets Holding Limited (AIAHL, formerly Air India Assets Holding Limited), among others, the people mentioned above said.

"The divestment target for the next fiscal is likely to be lower than the FY24 target, which was ambitious. Various factors, including market conditions, prevented the government from reaching its target," said the first person mentioned above.

"However, there will be a push to complete some of the divestment processes initiated in FY24 during the upcoming fiscal. These will depend on the market conditions as the government would want to unlock the maximum value from these divestments," the person added.

A spokesperson for the finance ministry didn't respond to emailed queries sent on Tuesday.

As things stand, the government is unlikely to meet its divestment target



In FY23, the government shelved the strategic divestment of Bharat Petroleum Corp. Ltd, which was expected to generate ₹50,000 crore-₹60,000 crore. REUTERS

for FY24. Against a target of ₹51,000 crore, the centre has realised only about ₹10,050 crore through various divestment transactions conducted in the ongoing fiscal as of 13 December 2023.

Interestingly, the government's divestment target of ₹51,000 crore for FY24 is lower than the initial estimate for the previous fiscal. The initial estimate of ₹65,000 crore for FY23 was later cut down to ₹50,000 crore.

Since 2016, the centre has given "in-principle" approval for strategic divestment of 36 cases of public sector enterprises (PSEs) and government-owned companies.

At present, the department of

investment and public asset management (Dipam) is processing as many as 14 transactions where the government is looking to sell its stake, Bhagwat Kishanrao Karad, minister of state for finance, recently informed the Rajya Sabha.

According to the minister, these include PSUs such as BEML Ltd, The Shipping Corp. of India Ltd; HLL Lifecare Ltd; Project & Development India Ltd; Ferro Scrap Nigam Ltd (subsidiary); Indian Medicines Pharmaceuticals Corporation Ltd; Container Corporation of India Ltd; Rashtriya Ispat Nigam Ltd; NMDC Steel Ltd (NSL); Bharat Petroleum Corp. Ltd (except Numaligarh Refinery Ltd); Pawan Hans Ltd; Central

Electronics Ltd (CEL); Alloy Steel Plant, Durgapur, Salem Steel Plant and Bhadravati Steel Plant (units of Steel Authority of India Ltd); and IDBI Bank.

However, despite being in the list, oil refiner and marketer BPCL's divestment is unlikely to be taken up after it was halted last year. "The strategic divestment of BPCL will not be revived in the near future unless oil prices hit a record high," the first person mentioned above said. "This is unlikely given the economic slowdown and other global trends currently affecting major economies."

Last year (FY23), the government shelved the strategic divestment of BPCL, which was expected to generate ₹50,000 crore-₹60,000 crore. Plans to revive the company's divestment process were not pursued as the cooling of oil prices depressed valuations.

Also 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 helicopter rental and leasing company Pawan Hans Ltd after it disqualified the successful bidder because it failed to disclose the litigations of its consortium partners.

"Strategically divesting its stake in various public sector companies is an ongoing process for the government," the first person said. "As the global economy and market conditions recover, we could expect better divestment proceeds next fiscal (as compared with the current fiscal)."

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**₹51,000 cr**  
Government's  
divestment target  
for FY24

**₹10,050 cr**  
Sum realized via  
divestment in FY24  
till 13 Dec 2023