

Disinvestment target likely to be missed again in FY24

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With general elections on the horizon, the government's privatisation bandwagon has almost but stalled as a government wary of being accused of selling family silver opts for minority stake sales on stock exchanges over outright privatisation. The result — the disinvestment target for current fiscal year is again likely to be missed.

BIG-TICKET PLANS

Big ticket privatisation plans such as that of Bharat Petroleum Corporation Ltd (BPCL), Shipping Corporation of India (SCI) and CONCOR are already on the backburner and analysts feel meaningful privatisation can happen only after April/May general elections.

In the current fiscal, out of the budgeted amount of ₹51,000 crore, about 20 per cent or ₹10,049 crore has been collected through minority stake sales via IPO (Initial

Public Offering) and OFS (Offer For Sale).

Strategic sale of a host of Central public sector enterprises, including SCI, NMDC Steel Ltd, BEML, HLL Lifecare and IDBI Bank, are in the pipeline for completion in the current fiscal. However, with the process of due diligence and demerger of core and non-core assets yet to be completed with respect to most of the CPSEs, there has been a delay in inviting financial bids.

In the case of IDBI Bank, where the government had received multiple EoIs (Expressions of Interest) back in January 2023, the bidders are yet to get security and 'fit & proper' clearance from the government and the Reserve Bank of India, respectively.

Hence, the privatisation of CPSEs in the list and IDBI Bank are likely to spill over into the next financial year.

11 TRANSACTIONS

In total, there are around 11 transactions which are being processed by DIPAM (Department of Investment and Pub-

lic Asset Management) currently. There are three more — Rashtriya Ispat Nigam Limited (RINL), Container Corporation of India (CONCOR) and subsidiaries of AI Asset Holding Ltd (AIAHL), the entity holding the former subsidiaries of the now-privatised Air India, for which 'in principle' approval of the Cabinet Committee of Economic Affairs (CCEA) is already in place but EoIs have not been invited by DIPAM.

Economic think tank GTRI Co-Founder Ajay Srivastava said the pace of PSU stake sales in India has slowed down recently. Compared to a more active 2021-2022, the number of major PSU stake sales in 2023 has been fewer.

"The disinvestment trend has recently experienced a deceleration due to various factors, including extended regulatory processes, global economic volatility, political opposition to privatisation in certain sectors and shifting government priorities in the run-up to the 2024 general elections," Srivastava said.