

Buybacks contribute 40% of govt's disinvestment kitty

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Mumbai, Feb 9: The government has mopped up money from cash-rich PSUs to meet its divestment target with more than 40% coming via the buyback of shares.

Of the ₹37,200-crore raised by the government through the disinvestment route in this financial year, around ₹15,584 crore has come through buybacks. Of the ₹26,000-crore worth of buybacks in 2016-17, the share of PSU firms so far has been nearly 60%.

The government had budgeted to raise ₹56,500 crore in FY17 through divestments of PSUs and the strategic sale of shares. The target, going by the revised estimate, has been revised to ₹45,500 crore.

NMDC's buyback offer of ₹7,519 crore has been the biggest so far this year. The buyback is the process by which a company repurchases its own shares from its stakeholders. The bought back shares are extinguished and the company's equity base shrinks.

Besides buybacks, the government has raised ₹6,331 crore through 'offers for sale' in various public sector undertakings, another ₹6,000 crore through the second tranche of central public sector enter-

Fund flow

Method of disinvestment	Amount (in crore)	% of total amount
Buyback	15,584.86	41.3
OFS	6,331.76	16.8
CPSE - ETF	5,999.99	15.9
SUUTI	9786	26
Total	37,702.61	100

Source: DIPAM and exchanges

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prises' exchange traded fund (CPSE-ETF) and the sale of shares in ITC and Larsen and Toubro (L&T).

The second tranche of the CPSE-ETF was launched in January 2017 and saw subscription worth ₹13,726 crore. This is over two times the ₹6,000-crore issue including the green shoe option. Over 2.65 lakh investors across cate-

gories subscribed to the issue.

The second tranche of CPSE-ETF included stocks such as ONGC, Coal India, Indian Oil, Gail (India), Power Finance Corp, Rural Electrification Corp, Container Corp of India, Bharat Electronics, Oil India and Engineers India.

On Monday, the government divested 2% of its 11.1% stake in ITC worth ₹6,690 crore held via SUUTI in three block deals. Earlier, the government had raised ₹3,096 crore by selling shares of L&T. For FY18 the government aims to raise ₹72,500 crore through the disinvestment route and the sale of strategic stakes.

Of this, the government has said, it intends to raise ₹46,500 crore through disinvestment, ₹15,000 crore through strategic disinvestment and ₹11,000 crore through the listing of insurance companies.