

Govt scouting for i-bankers to manage stake sale in 7 PSUs

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Starting the process of selling minority stakes in seven public sector units, including Indian Oil Corp. Ltd, Steel Authority of India Ltd (SAIL) and NTPC Ltd, which have the potential to collectively raise Rs34,000 crore, the government has begun scouting for investment bankers to manage the asset sales.

The Department of Investment and Public Asset Management (DIPAM) has come out with a Request for Proposal for appointing investment bankers and legal advisers for the stake sales. Other companies on the radar are NHPC Ltd, Power Finance Corp. Ltd (PFC), Rural Electrification Corp. Ltd (REC) and NCL India Ltd (formerly Neyveli Lignite Corp. Ltd)

DIPAM secretary Neeraj Gupta said no time frame has been set for these disinvestments and the request for proposal (RFP) merely marks a decision to hire investment bankers. "The process is routinely done to explore the possibility of disinvestment. There is no imminent disinvestment in any of these PSUs," Gupta said.

According to the RFP, the government plans to sell 3% stake in Indian Oil, and 10% each in SAIL, NTPC, NHPC and PFC. Besides, a 15% stake in NLC India and 5% in REC is proposed to be put on the block.

At current prices, the sales could fetch the exchequer about Rs34,000 crore, including Rs13,000 crore from NTPC, Rs6,000 crore from IOC and Rs2,500 crore from SAIL. A minority stake sale in PFC could fetch Rs4,000 crore, that in NHPC could garner Rs3,000 crore, NLC Rs2,000 crore and REC (Rs1,000 crore). In the Budget for 2017-18, the government has set a target of Rs46,500 crore to be mobilised through minority stake sales and Rs15,000 crore from strategic disinvestment.