

OFS LINED UP FOR SEVEN PSUs

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The move is seen as an attempt to plan out the divestment issues evenly during a year and avoid clogging of issues in the last few months. The government has set itself an ambitious divestment target for the current financial year.

According to the Union Budget, the Centre plans to raise Rs 72,500 crore through divestment during FY18. Of the amount, the government expects to garner Rs 46,500 crore through minority stake sales. It plans to garner Rs 11,000 crore from strategic stake sales, which involves selling of the stake the government owns through Specified Undertaking of the Unit Trust of India (Suuti). It expects another Rs 11,000 crore through listing of state-owned insurance companies.

“In the past few years, it has been seen that there are hardly any divestments during the initial period of the year. Most issues typically get bunched up at the end of the year. This year the government has become more proactive,” said a source. The government also released a comprehensive time frame for listing of PSUs recently, which is seen as another proactive measure taken by the government for ensuring timely divestment. According to the time frame, the government wants PSUs to list within 165 days from the day when its board clears the IPO proposal.

With the buoyancy in PSU stocks, the government is also likely to opt for stake sale through the OFS route this financial year. This is in contrast with the divestment strategy of the government during the last financial year, where it relied heavily on buybacks and block deals to raise money. During FY17, the government mopped up Rs 46,246 crore through divestment, of which only Rs 2,960 crore was on account of OFS.