

# Selection of PSUs for Listing in the Works to Unlock Value

Govt expects to boost corporate governance and competitive edge of state-run firms

**Banikinkar Pattanayak**

**New Delhi:** The government has initiated a process to identify state-run companies that can be listed, as it seeks to unlock their potential value after increasing investor appetite for scrips of its listed firms drove up their market valuations to fresh highs, said people aware of the development.

National Seeds Corporation and Central Warehousing Corporation could be among the first set of candidates for listing, as per preliminary discussions, according to the people. Meanwhile, the proposed listing of ECGC, which has an 85% share in India's export credit insurance market, is being expedited, they said. There are 170 unlisted non-financial central public sector enterprises (CPSEs), according to the Department of Investment and Public Asset Management (DIPAM) data.

However, those in certain strategic sectors, including atomic energy, space and defence, could be left out of the process, said people in the know. "The idea is to explore the feasibility of listing more CPSEs and to

## PSU Valuation Remains High

### M-cap of listed state-run firms

Govt holding in 62 non-financial CPSEs	₹28.55 cr
Total m-cap	₹46.84 cr
Govt holding in 16 financial firms	₹20.21 cr
Total m-cap	₹26.49 cr

Note: Value of govt holding has jumped about four times in over 3 years

Source: DIPAM

### Expected listing benefits

Market valuation of CPSEs

More transparent corporate governance

Greater accountability

Greater competitive spirit

Limited or no staff resistance

### Likely listing candidates

■ Seeds Corp

■ Warehousing Corp

■ ECGC



prepare a road map for it," one of the persons told ET on condition of anonymity. "Which of the companies should be listed and over what period – these issues have to be deliberated on. Preliminary discussions have started and final decisions will be taken in due course."

The plan is part of the broader efforts by the government to boost value creation in listed companies and unlock the value of its unlisted ones, the person said. Listing of state-run companies is also expected to improve their corporate governance and

sharpen their competitive edge, said officials. The plan comes amid realisation that regular strategic sales of companies are hard to push through (there was no strategic divestment in 2023-24, for instance) due to factors beyond the government's control, including market fluctuations, external headwinds and protracted litigations. However, minority stake disinvestments will continue, the people said. "This is not to say that the government isn't serious about strategic sale. It's serious, but at the same time it remains practical," sa-

id a second person. The "value creation" strategy has started to pay off in the form of elevated profitability and market capitalisation of firms in recent years, after a fresh government push to deepen CPSEs' engagement with market participants, bolster corporate governance and offer regular dividends to shareholders. It has substantially improved the dividend flows from non-financial CPSEs, which exceeded the budget estimates by a wide margin for a third straight year in 2023-24.

The market value of the government's holdings in 62 listed non-financial CPSEs and 16 banks and other financial institutions has jumped more than four times in about three years to almost Rs 49 lakh crore, showed the DIPAM data. The overall market capitalisation of these companies has surged in sync to more than ₹73 lakh crore.

The ongoing strategic sale process involving eight companies, including IDBI Bank, NMDC Steel and Shipping Corporation of India, has gone past the initial expression of interest (EoI) stage, while five others are still in the EoI stage.