

Govt to divest IDBI Bank stake to add ₹45,000 cr for FY26

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The Union government is eyeing receipts of more than ₹45,000 crore from divestment in the financial year 2025-26, with the bulk of it expected from the strategic sale of IDBI Bank Ltd, said two people aware of the matter.

The stake sale in IDBI Bank is likely to fetch ₹30,000-35,000 crore, while ₹10,000-15,000 crore could come from the offer for sale (OFS) of equity in other listed public sector undertakings (PSUs), the people mentioned above told *Mint* on the condition of anonymity.

"The long-pending IDBI Bank stake sale is expected to conclude this fiscal. It's the biggest-ticket item in this year's divestment plan," said the first person cited above. "The rest is likely to come from minority stake sales in listed PSUs."

The Union government and Life Insurance Corp. (LIC) together own 95% of IDBI Bank and plan to divest 60.72% of the combined shareholding. The privatization plan was first announced in the Union Budget for 2021-22.

"The return from IDBI is a question of the quantum of stake sale from the government," said Rishi Shah, partner and economic advisory services leader, Grant Thornton Bharat.

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"At current market valuations, there is a potential for a windfall gain for the exchequer."

The Centre has stopped setting separate disinvestment targets since FY24. However, the budget estimate (BE) for miscellaneous capital receipts (MCR), which includes proceeds from equity investments and public asset management, is pegged at ₹47,000 crore for 2025-26.

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Economists note that "miscellaneous capital receipts" is largely a matter of nomenclature, but the key issue is the government's ability to mobilise funds under it.

"It (divestment) will depend

on market conditions, the valuations and the inherent strength of the company, which is put up for disinvestment," said Devendra Kumar Pant is the chief economist at India Ratings & Research. "While in the last few years the government has not been able to meet its miscellaneous capital receipt/disinvestment targets in the last few years, earlier (in 2017-18) the government was able to overachieve its targets."

"Probably a relook at reasons of over-achievement vis-a-vis under-achievement could help in fine-tuning the strategy," he added.

The Union government has only met its disinvestment targets once in the last 10 years, in 2017-18.

That year, it exceeded the target of ₹1 trillion, with actual proceeds of ₹100,056 crore

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