

# No big-bang divestment: Govt strategy now is to do dribs and drabs 'minority stake sale' in CPSEs

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A 'surprise' minority stake sale, rather than any big-bang disinvestment, is the government's well-thought-out strategy to generate more revenue, a top Finance Ministry official has said.

The revelation comes at a time when the Finance Ministry is entering the final phase of preparations of the Union Budget of Fiscal Year 2026-27, and there's been some cause for concern about the government's revenues, largely owing to a temporary softening in GST collection growth.

## FAVOURER ROUTE

Pointing at the recently-concluded minority stake sale through offer for sale (OFS when the promoter sells a part of its stake) in Bank of Maharashtra, which was subscribed, nearly 5 times by non-retail investors and 1.2

Minority stake sale			
Name of CPSEs	Govt's shares disinvested	Receipts	(Share in %, Amount in ₹ cr)
			Govt's shareholding post disinvestment
<b>FY2023-24</b>			
Coal India	3.00	4,185	63.13
RVNL	5.36	1,366	72.84
SJVN	4.92	1,348	55.00
HUDCO	6.64	1,050	75.17
IREDA	10.00	858	75.00
IRCON	8.00	1,191	65.18
NHPC	2.50	2,453	67.45
NLC	7.00	2,129	72.20
<b>FY2024-25</b>			
General Insurance Corp	3.39	2,345	82.40
Cochin Shipyards	4.95	2,015	67.91
HZL (residual stake)	1.62	3,449	27.92
<b>FY2025-26 (Till December 12)</b>			
Mazagon Dock	3.61	3,673	81.22
Bank of Maharashtra	6.00	2,624	73.60

Source: DIPAM

times by retail investors, the official said this is the favoured route, which causes the least disruption and political backlash. In the Bank of Maharashtra minority stake sale, the govern-

ment got total bids of around ₹5,000 crore, while the actual receipt (including the green shoe option) was more than ₹2,600 crore.

"We will continue with selling a part of our stake in

CPSEs," the official said while refusing to name the CPSE or Public Financial Institution next in line or how many will be in the list for the current fiscal. "Announcing the name much in advance will have an impact on the valuation," the official added.

During the current fiscal year till date, Mazagaon Dock Shipbuilding is the second public sector entity where the government used the OFS route to offload 3.61 per cent of its holding and earned over ₹3,600 crore.

As of now, 66 CPSEs are listed on stock exchanges. The value of government shareholding in these companies is over ₹23 lakh crore. Apart from these, 16 public financial institutions (banks and insurance companies) are also listed, and the value of government shareholding in these institutions is over ₹18 lakh crore.

These data give enough headroom for the govern-

ment to go for a minority stake sale and earn a significant amount of money.

The government has to bring down its stake to achieve the norm of Minimum Public Shareholding of 25 per cent in several CPSEs and public financial institutions. This will necessitate further OFS of CPSEs in the coming months and also in the next fiscal year.

## VALUE CREATION

Last year, then DIPAM Secretary (now SEBI Chairman) Tuhin Kanta Pandey had said that the focus now is more on value creation rather than just divesting or getting higher dividends. Continuing with this stance, present DIPAM Secretary Arunish Chawla has repeatedly said that the government effort would be on value creation, more OFS and maybe a few IPOs.

Notably, there is nothing called 'Disinvestment' in the Budget document.