IDBI Bank sale may spill over to next financial year

● Non-debt capital receipts may face a shortfall

PRASANTA SAHU
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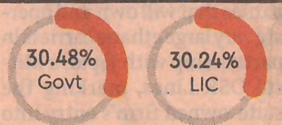
MOVING SLOW

Total stake on offer: 60.72%



Current market value:

Govt stake ~₹36,000 cr

Combined stake ~₹72,000 cr

■ A delay could affect the FY26 combined target of ₹47,000 cr for disinvestment & asset monetisation

■ Disinvestment proceeds for the current year stand at only ₹8,768 cr

THE STRATEGIC DISINVESTMENT of IDBI Bank is likely to get delayed to the next fiscal as the necessary procedural and evaluation processes are still underway, sources said. This would mean that the government's non-debt capital receipts in the current fiscal may fall significantly short of the Budget target.

Since the revised estimates for FY24, no separate target for disinvestment proceeds was kept. Receipts from sale of government stakes in companies are now under the head - "miscellaneous capital receipts".

The proposed IDBI Bank disinvestment involves the sale of a 30.48% government stake, which is currently valued at around ₹36,000 crore. A slippage in the transaction timeline could result in a shortfall against the FY26 combined target of ₹47,000 crore for disinvestment and asset monetisation.

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IDBI Bank sale may spill over to FY27

SO FAR IN the current fiscal, disinvestment proceeds have stood at just ₹8,768 crore, while asset monetisation receipts could not be independently ascertained.

Despite the likely delay, officials indicated that the impact on the fiscal arithmetic would be absorbed through higher-than-expected dividends from the Reserve Bank of India (RBI) and potential savings across several expenditure heads.

Shares of IDBI Bank closed at ₹110.85 on Monday on the BSE, down 3.48% from the previous close. Officials had earlier suggested in July 2025 that the transaction could be concluded by October 2025. However, the process has since been dragging on due to multiple factors, including changes in bidder dynamics.

One key development that complicated the process was Emirates NBD's announcement in October that it would acquire up to a 60% stake in private lender RBL Bank for about $3 billion (around ₹27,000 crore). The deal, which includes a preferential share issue and a mandatory open offer, is subject to regulatory approvals and would mark the largest foreign investment in India's private banking sector. Following this move, analysts no longer view Emirates NBD as a keen bidder for IDBI Bank.

Other shortlisted bidders include Fairfax India Holdings, the promoter of CSB Bank, and Kotak Mahindra Bank. Sources said procedures related to the stake sale and evaluations are ongoing, making it difficult to provide a firm timeline for completion. Past strategic disinvestment precedents suggest that even if financial bids are received soon, proceeds may not flow in by March 31. In the Air India case, nearly four months elapsed between the Cabinet approval of the winning bid in October 2021 and deal closure in January 2022. Given that IDBI Bank is a regulated lender, the process could take longer due to the need for prior regulatory clearances.