Disinvestment target to be crossed: Govt

Dipam officials say they will cross ₹800 bn, might touch ₹850 bn

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The government is confident of crossing the disinvestment target of ₹800 billion for the financial year 2018-19 (FY19). "We may even go up to ₹850 billion," said an official in the know.

At present, the total disinvestment is ₹340 billion. Once Power Finance Corporation (PFC) buys stake in REC, as planned, the disinvestment amount for the year would be ₹500 billion.

For the rest of the year, the government plans to have another follow-on public offering of its Bharat-22 exchange-traded fund (ETF), which could rake in upwards of ₹100 billion. It also plans to complete the strategic sale of Pawan Hans, Central Electronics, Air India's ground handling subsidiary, and possibly Scooters India.

A chunk of disinvestment till now has come from follow-on offerings in the Centre's two ETFs, Bharat-22 and CPSE. These earned ₹83 billion and ₹170 billion, respectively.

Now, there will be initial public offerings of Mazagon Docks, rail companies RVNL and IRFC (in which 10 per cent each will be divested), and MSTC. Then there are state-owned companies buying back shares.

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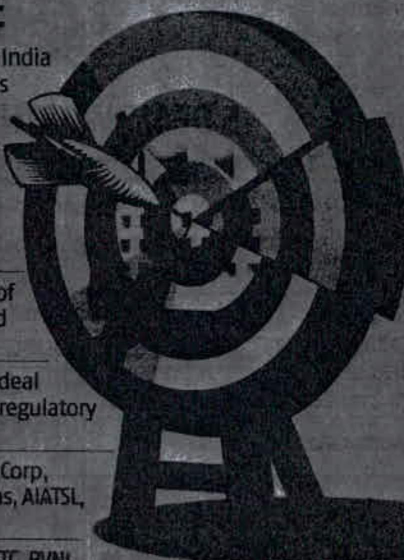
PLAN IN PLACE

- After failing to privatise Air India earlier this year, govt rallies to ensure turnaround in divestment plans
- Officials admit there were serious apprehensions about the target not being met
- On tap is another offering of Bharat-22 ETF, which could get about ₹100 bn
- Govt confident of PFC-REC deal being completed, even as regulatory clearance is awaited
- Strategic sales of Dredging Corp, Scooters India, Pawan Hans, AIATSL, and CEL this year
- IPOs of Mazagon Docks, MSTC, RVNL and IRFC to be done in this fiscal year



GST cuts for computer screens likely

The goods and services tax (GST) rates for items such as computer screens and power banks are likely to be slashed from 28 per cent to 18 per cent at the GST Council meeting on Saturday. However, the Council would refrain from reducing the rates for big-ticket items such as cement and auto parts, which are part of the 35 items that fall in the top slab. Officials said the rate cuts would be of the nature of rationalisation. "The rate of 28 per cent for computer screens of over 20 inches is likely to be brought at par with those for smaller computer screens," an official said. ABHISHEK WAGHMARE writes 8 ▸

Disinvestment target...

Senior government sources said buybacks by public sector units could get the exchequer between ₹120 billion and ₹150 billion. There could also be the offer-for-sale of general insurance companies GIC and New India Assurance.

Top sources in the government also said the Centre was still trying to push through the acquisition of its stake in SJVN by NTPC, valued at ₹70 billion.

The Cabinet has already cleared the selling of "enemy shares", currently with the Custodian of Enemy Property for India (CEPI), in 996 companies, and gave its nod to the government divesting its entire stake in Dredging Corporation of India (DCI) to a consortium of four ports. These two could add around ₹30.7 billion to the disinvestment kitty.

All this of course adds to PFC-REC deal. "We are hoping for a decent premium on the deal. Anything around ₹150 billion will be good for us," said an official.

The deal between the two power sector non-banking financial companies will be the single biggest disinvestment move of the year and will require regulatory approvals from the Reserve Bank of India, the Securities and Exchange Board of India, and the Competition Commission of India.

Officials in the department of investment and public asset management (Dipam) are confident regulatory hurdles will be cleared and that the deal will be completed on time.

"There was a lot of apprehension within the government on whether the total target will be met or not, especially after the planned privatisation of Air India found no takers. As things stand, various departments have come together to work out alternative routes and the political leadership has backed these plans. We could exceed ₹800 billion," said a second official.

If the proceeds this year do exceed the target, this would be in line with Finance Minister Arun Jaitley's statement in September. After a meeting at Prime Minister Narendra Modi's residence to take stock of the economy, Jaitley had said the Centre will stick to its fiscal deficit target of 3.3 per cent of gross domestic product without cutting capital expenditure, in spite of an anticipated shortfall in the goods and service tax.

This would be partly balanced by the direct tax and disinvestment budgeted targets being exceeded, Jaitley had said.

In 2017-18 as well, disinvestment proceeds had exceeded the target, though by a substantially larger degree. Against a budgeted estimate of ₹725 billion, Dipam raked in a record ₹1 trillion. A big portion of that was ONGC's acquisition of Hindustan Petroleum, which garnered ₹396 billion on its own for the government, and took Dipam to a record disinvestment realisation.