

'Better prepared to privatise Air India next year'

The revised disinvestment target for FY19 has been maintained at ₹80,000 crore, while a target of ₹90,000 crore has been set for the next year.

ATANU CHAKRABORTY, Secretary, Department of Investment and Public Asset Management, is confident of achieving both. In an interaction, Chakraborty told **Arup Roychoudhury** that the pace of privatisation would quicken from now on. That includes Air India divestment taking off and public sector exchange traded funds getting launched in the next fiscal. Edited excerpts:

Isn't the ₹90,000-crore target for 2019-20 a little ambitious?

In the process of achieving ₹1 trillion in proceeds in 2017-18, the disinvestment pipeline dried up. First one and a half quarters of the current fiscal went in re-preparing the pipeline. The process in which a pipeline gets prepared for disinvestment is long. But, we have prepared that pipeline for next

year this year itself, as part of our strategy. The elections will preclude us from conducting some of those transactions that we have planned for part of the year. However, we are in a good position for the next fiscal. Part of the pipeline that we have built this year will hold us in good stead in 2019-20 as well. We are bringing in a lot of new instruments. One of them is asset monetisation. There would be questions as to how much money that can bring in, but that will contribute to our disinvestment target.

There's already a list of assets that the government is seeking to monetise. It includes prime properties, office buildings, towers, hangars, helipads, land tracts. Nothing has happened so far. What will change next year?

There are two parts to this. One is identifying the assets. The second is getting the approvals done and preparing those assets for monetisation. That process is now being completed, we have them in the various stages of approval. We are in the process of getting these assets prepared in terms of paperwork. I do not expect that everything will be very smooth. There are bound to be hiccups. We are already learning from Air India's attempts at asset monetisation. We are trying to put in place the various models of monetisation, listening to what the stakeholders want. It is not my claim to say that everything will be in place when



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ATANU CHAKRABORTY,
Secretary, Dipam

we start off next year. However, we are tempering our expectations.

There have been two big Central Public Sector Enterprises (CPSE) mergers in two consecutive years. ONGC-HPCL and PFC-REC. Can we expect more such mergers in FY20?

We have pursued mergers and acquisition in the PSU space because it unlocks better value for the companies concerned. That strategy will continue in the next fiscal, which puts two balance sheets together, makes them healthier and leads to an economy of scale. We are expecting more PSU mergers in whichever sector we find value. We have NBCC-HSCC this year.

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We have NPCC and WAPCOS coming together which has already been done this year. In fact, WAPCOS will go public next year with NPCC under its wing. We are also doing a lot of follow-on public offers (FPOs) for meeting the minimum public shareholding requirements.

What about privatization or strategic sales? The government hasn't been able to sell names like Air India, Pawan Hans, Scooters India, Central Electronics Ltd and others which are earmarked for privatization.

They continue being on the pipeline for being sold off to private players. I am confident of about 70 per cent of the names being marked for strategic sales being privatized soon. About those I am not confident, fate awaits them. Either they have no value and need to be shut down. If they have value, then the transaction needs to be tweaked. We will do that.

This year's target of ₹80,000 crore has been maintained. So far, you have only done around ₹35,000 crore. Will you be able to meet the revised estimates?

This is a very sensitive time for the market, so I won't take individual names. But many of the transactions that we had planned are complete or nearing completion. The fourth quarter in any year tends to garner 45-50 per cent of the disinvestment money. That is the case this year as well. Even as I speak, there are transactions bearing fruit, bringing the cash-flow in. I don't see any problems this year.

Will you be able to privatise Air India next year?

I am quite certain that we will. Why we postponed a second attempt this year is fluidity in currency markets and uncertainty in oil prices, which actually killed the economics of any airline. You see airlines facing problems. This time we have the opportunity to examine the criticism that we faced, the questions that the prospective buyers put out. I can only say that we are better prepared.

The two CPSE exchange traded funds have garnered healthy proceeds over the years for the government. Will we see more such new CPSE ETFs?

We are certainly looking at new equity ETFs. We are looking at constructing new ETFs around new themes. We are looking at more diversified themes. We also have a debt ETF which was announced in the 2018-19 Budget. We are taking our own time floating it, which is helping us understand the instrument and the debt market better. You can expect it sometime in the first or second quarter of the next fiscal.