

How PSU divestment could eventually lead to privatisation

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The NDA government was unsuccessful in privatising state-run firms during its five-year rule, despite a penchant for it, fearing political backlash. But it has sowed the seeds for a relatively trouble-free sale with the help of strategic divestment involving PSU to PSU deals.

Selling one public sector undertaking to another, contrary to perception, will alter the character and status of the PSU sold, say government sources. For instance, Dredging Corporation of India (DCI), in which the Centre sold its 74.47 per cent stake to four major port trusts for ₹1,049 crore, is no longer a central public sector enterprise and hence will not be subjected to the guidelines framed by the Department of Public Enterprises.

Visakhapatnam Port Trust, Paradip Port Trust, Jawaharlal Nehru Port Trust and Deendayal Port Trust are together barred from selling DCI shares for three years beginning March 8, 2019, according to a Share Purchase Agreement signed between the Centre and the four major port trusts on that day. But, nothing prevents ONGC, NBCC, PFC and the major port trusts from selling their stakes in HPCL, HSCC, REC and DCI after the lock-in period ends.