

Budget may retain divestment target at ₹90,000 crore

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Finance Minister Nirmala Sitharaman could set a divestment target of ₹90,000 crore in the full Budget, which she will present on July 5, leaving the figure unchanged from the 2019-20 Interim Budget. "So far, all the discussions on the full Budget have taken place with an assumption of disinvestment target being kept unchanged," said a senior official aware of the pre-Budget deliberations.

The printing process for the Budget has begun. The numbers and the targets in the Budget documents can still be amended, even as the printing is on. The disinvestment target remaining unchanged this

year means the Centre will now have to depend on non-tax revenue sources like dividends from the Reserve Bank of India, public sector banks (PSBs) and public sector undertakings (PSUs), as there are real concerns of a tax revenue shortfall.

The fiscal deficit target of 3.4 per cent of gross domestic product (GDP) for 2019-20 is likely to be retained as well.

In the case of disinvestment target, any change in target seems unlikely now, given that the Department of Investment and Public Asset Management (DIPAM) has a pipeline for the year keeping a ₹90,000-crore target in mind, officials say. DIPAM has garnered ₹2,357 crore this year.

The biggest marquee name in that pipeline is Air India. After failing last year, the government is planning to liberalise the terms and conditions for the sale of the national car-

rier. The changes would allow a potential buyer to go for a stake sale of the airline immediately after acquiring it. The revised norms would also enable merger or reverse merger of Air India with any existing business of the buyer. At least 95 per cent stake of Air India will be up for sale while retaining 5 per cent for employee stock option.

DIPAM is also counting on strategic sale in a number of state-owned companies as well as asset monetisation from land and property of various PSUs. The department is in the process of appointing a panel of six transaction advisors who will help it with sale of non-core assets of PSUs.

The first non-core assets to be sold will be the ones which DIPAM had identified last year. These include land, factories, apartments and office space belonging to PSUs like Project and Development India,

Hindustan Prefab, Bridge and Roof Co, Scooters India, Bharat Pumps and Compressors, Hindustan Newsprint and Hindustan Fluorocarbons. Apart from these, the NITI Aayog is identifying non-core assets of around 50 PSUs.

DIPAM will also start selling the government's stake in all PSUs and state-owned banks in which it holds a stake above 75 per cent. Officials say the deadline for the 75 per cent maximum shareholding requirement, which has already been extended last year till September 2020, will not be extended further by the Securities and Exchange Board of India.

Apart from these, DIPAM will also depend on its time-tested exchange-traded funds (ETFs), the Bharat 22 ETF and CPSE ETF. The government was planning to launch three new sector-specific ETFs.

ON THE ANVIL

- Pre-Budget discussions so far have assumed an unchanged divestment target
- Printing process of Budget documents has begun
- DIPAM planning the remainder of the year with an unchanged target in mind
- Air India privatisation, asset monetisation, strategic sales to be part of this year's plan

