

Govt fast-tracks strategic sales

Group of secretaries clears BPCL, 4 others, sale may fetch over ₹60,000 cr

SANJEEB MUKHERJEE & INDIVJAL DHASMANA
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The government has set the ball rolling on strategic sales, with a group of secretaries on Monday clearing disinvestment in five public sector undertakings (PSUs), which may fetch over ₹60,000 crore and keep the fiscal deficit in check. This would account for around 60 per cent of ₹1.05 trillion budgeted from disinvestment in the current financial year.

Disinvestment in Bharat Petroleum Corporation (BPCL), Shipping Corporation of India (SCI), Concor, North Eastern Electric Power Corporation (NEEPCO), and THDC would help the Centre keep its fiscal deficit in check in the wake of subdued tax revenues and a ₹1.45-trillion hit for the exchequer from corporation rate cuts.

All the five companies may not go to private hands because there are options to sell them to other public sector units. However, if private firms buy them, it would be the biggest such exercise since the days of the Atal Bihari Vajpayee government.

A Cabinet note will be prepared for these five companies.

The group will take up the disinvestment of five more PSUs soon, sources said.

While the government wants to sell its entire stake in four companies, it intends to offload 30 per cent in Concor. It has 54.80 per cent in the company.

For BPCL, two options are on the table — either to sell it to a private party or to Indian Oil Corporation. The structure will be decided at the time of preparing the note, sources said.

Most of the revenues would come from BPCL. At the current market price, BPCL will fetch the government ₹54,342 crore.

However, disinvestment in BPCL would require a change in the law because it was formed after Burmah Shell was nationalised in 1976 under the Companies Act.

The Supreme Court had in September 2003 ruled that BPCL could be privatised only after Parliament amended the law. Besides, there was opposition from within the government. Hence privatisation was held over.

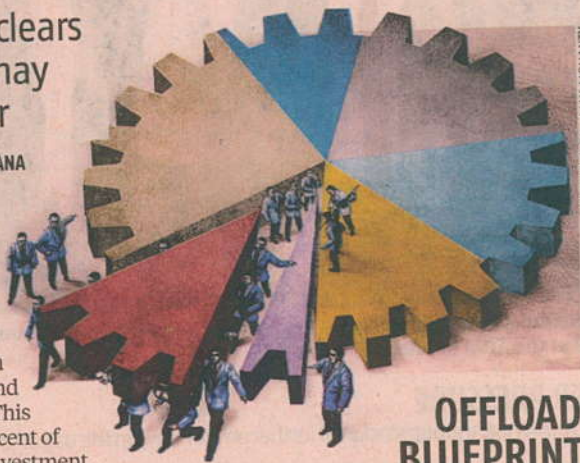
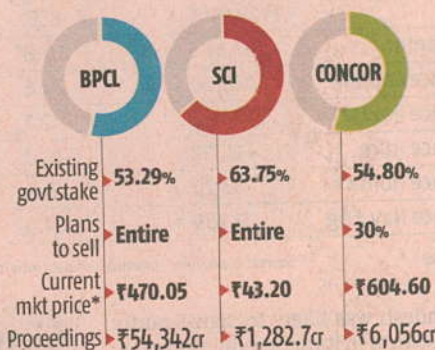


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Note: THDC and NEEPCO are unlisted companies; *On BSE as of Monday close
Source: BSE and govt estimates

NEEPCO and THDC are unlisted hydro power companies. There are plans to sell them to NTPC, sources said.

The government has 63.75 per cent in SCI and its stake sale will yield ₹1,282.7 crore. A 30 per cent stake sale in Concor will fetch the government ₹6,056 crore at Monday's market price of ₹604.60.

All the three listed companies — BPCL, SCI, and Concor — were up by 0.09 per cent, 2.13 per cent and 2.27 per cent, respectively, on the BSE on Monday. The government has collected ₹12,357.49 crore from disinvestment so far.

The Centre's tax revenues have dwindled, growing by 5-6 per cent as against a growth target of 17.3 per cent for the fiscal year.

Similarly, goods and services tax collection has been around ₹1 trillion a month, as against a required rate of ₹1.2 trillion a month.