

'Will see a second wave of privatisation in FY21'

As the Department of Investment and Public Asset Management was handed its highest target of ₹2.1 trillion for 2020-21 (FY21), its Secretary **TUHIN KANTA PANDEY** told Arup Roychoudhury that the four big privatisation transactions — Air India, Bharat Petroleum Corporation (BPCL), Shipping Corporation of India, and Container Corporation of India (Concor) — could be completed before September. Edited excerpts:

From your Revised Estimate of ₹65,000 crore for 2019-20, you are at ₹18,000 crore now. Which companies do you plan to divest or privatise before March 31 to reach that target?

We have mopped up ₹18,000 crore so far.

From the latest tranche of Bharat 22 exchange-traded fund, we will get ₹16,500 crore. We have reached ₹34,500 crore. For the remainder ₹30,500 crore, we have the strategic sale of THDC and NEEPCO (North Eastern Electric Power Corporation) to NTPC. We don't have the figures because the valuation is being done. We have some initial public offerings (IPOs) lined up, including IRFC, and some offer for sales and buybacks.



TUHIN KANTA PANDEY

DIPAM secretary

For FY21, you expect ₹90,000 crore to come from financial institutions. First you have IDBI Bank. Will the Centre's stake (currently valued at ₹18,000 crore) be offloaded or will Life Insurance Corporation (LIC) of India also offload

its stake in the bank (LIC stake is currently valued at ₹19,700 crore)?

The finance minister has announced the sale of only the Centre's holdings. We can only talk about our holdings.

How much can the Centre expect from the mega LIC IPO?

When we are doing a Budget Estimate, we are not giving the exact value of each transaction. These are estimates. You have to allow the government time to

decide the structure, timing, quantum, and the number of transactions. We have to finalise with the Department of Financial Services (DFS). DFS has to take the lead in the LIC IPO.

For the remainder ₹1.2 trillion, what is the road map?

A large part of this ₹1.2 trillion will come by way of privatisation. Realistically speaking, we think the four big privatisation transactions — Air India, Bharat Petroleum, Shipping Corporation of India, and Concor — could be concluded in the first half of the next fiscal year.

If all goes well, we should have qualified bidders for Air India by March 31. Similarly for BPCL, the expression of interest will be issued in a few days. We would have a pipeline of big-ticket disinvestments when we step into FY21.

Do you see a second wave of privatisation in FY21?

We are moving towards privatisation after a long time.

If you look at the Economic Survey, it has actually analysed some of those transactions done during the Vajpayee era, and how well those companies have fared, whether you consider the return on equity, return on capital, sales turnover, profit margins, or you look at the earnings per share. In a sense, there will be a second wave of privatisation.

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