

# Divestment feels meltdown heat, may miss target

## Govt staring at deficit of ₹10,000 crore

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The Centre is unlikely to meet its 2019-20 revised divestment target of ₹65,000 crore because of bearish market conditions, according to officials. With a number of offers for sale (OFS) such as NMDC, SAIL, PFC, Coal India, IRCON and Hindustan Aeronautics planned for March getting deferred, the divestment target could fall short by close to ₹10,000 crore, government estimates suggest.

The only transactions expected to go through by March 31 are the acquisition of THDC and NEEPCO by NTPC, the planned initial public offering of IRFC, and some buybacks by PSUs, it's learnt.

"We had a number of OFS in the pipeline and wanted to do some of them within this month. We had even done roadshows. But the market has been falling due to coronavirus and other global cues. We won't go to the market in such conditions," said a senior government official.

The finance ministry is internally expecting close to ₹15,000 crore from NTPC's acquisition of THDC and NEEPCO, and about ₹5,000 crore from the planned IPO of IRFC, besides some buybacks.

So far, the Department of



### STATUS CHECK

Figures in ₹ crore



Source: [indiabudget.gov.in](http://indiabudget.gov.in)

### MINISTRY RED-FLAGS DIVESTMENT IN NTPC, PFC, POWERGRID P4

Investment and Public Asset Management has mopped up a little above ₹35,000 crore. The transactions mentioned above will take the disinvestment proceeds to around ₹55,000 crore, which will be ₹10,000-crore short of the revised estimates.

The target for the current fiscal was revised downwards to ₹65,000 crore from ₹1.05 trillion.

## Divestment...

In her 2020-21 Budget, Finance Minister Nirmala Sitharaman also revised downwards the tax revenue and total expenditure estimates for 2019-20, and widened the fiscal deficit target for the year to 3.8 per cent of gross domestic product from 3.3 per cent.

"The IRFC IPO will be done even in this market. Whenever there is a short window of opportunity this month, the IPO will be done. The OFSs are now likely to be done after March 31," said the

official. This means they will contribute to the 2020-21 budgeted divestment proceeds of ₹2.1 trillion.

Last week, the Centre had divested 10 per cent of its stake in RITES through OFS. The issuance bombed. "We raised just around ₹400 crore versus expectations of ₹1,000 crore," the official said.