

Govt to sell ₹8K-cr SUUTI stake to meet FY20 target

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The Centre will offload around ₹8,000 crore worth of stake in Axis Bank and ITC through Specified Undertaking of Unit Trust of India (SUUTI) before March 31 to help it meet the revised divestment target for 2019-20 (FY20) of ₹65,000 crore, *Business Standard* has learnt.

"There will be a shortfall compared to the revised disinvestment estimates. To make up for that, DIPAM (Department of Investment and Public Asset Management) will sell some ₹8,000 crore worth of SUUTI stake," said a top government official.

The Centre currently owns 4.71 per cent in Axis Bank and 7.93 per cent in ITC through SUUTI. As of Wednesday, the Axis stake was valued at ₹8,221 crore and the ITC stake was valued at ₹17,127 crore, taking the total to ₹25,348 crore.

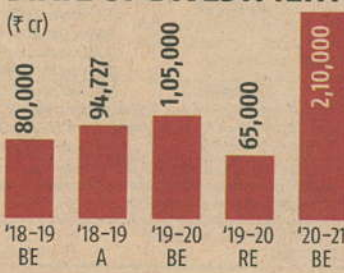
The Centre held a small stake through SUUTI in Larsen & Toubro as well (1.7 per cent), which it liquidated last year. For FY19, DIPAM was given a disinvestment target of ₹80,000 crore. It surpassed that and raked in ₹84,972 crore in the normal course of the year. However, the actual divestment receipts for 2018-19 now stand at ₹94,727 crore, according to the FY21 Budget documents.

The official quoted above said that a part of this jump was because of a sale of ₹7,000 crore through SUUTI. This is different from the 3 per cent stake it sold in Axis Bank through SUUTI earlier that year. It was in the latter transaction that the Centre's stake in L&T was liquidated.

Without SUUTI, the Centre would have fallen well short of the FY20 Revised Estimates, as reported earlier.

This is because a number of offers-for-sale (OFSs) planned for March — including SAIL, NMDC, PFC, Coal India, IRCON, Hindustan

STATE OF DIVESTMENT



BE: Budget Estimate A: Actual;
Source: indiabudget.gov.in

₹25,348 cr worth of stake Centre owns in Axis and ITC through SUUTI

4.71%

Current stake in Axis; in ITC, it's 7.93%

₹7,000 cr

worth of SUUTI stake DIPAM sold towards FY19 end



Aeronautics, and others — have been postponed because of bearish market conditions.

The only other transactions that are 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 public sector undertakings, informed sources said.

The finance ministry is internally expecting around ₹15,000 crore from NTPC's acquisition of THDC and NEEPCO, and around ₹5,000-7,000 crore from the planned IPO of IRFC and some buybacks.

So far, DIPAM has garnered a little over ₹35,000 crore. The transactions mentioned above, excluding SUUTI, would take the disinvestment proceeds to around ₹55,000-57,000 crore.

The target for the current

fiscal was revised downwards to ₹65,000 crore from ₹1.05 trillion. In the 2020-21 Union Budget Finance Minister Nirmala Sitharaman also reduced the tax revenue and total expenditure estimates for FY20, and widened the fiscal deficit target to 3.8 per cent of gross domestic product, from 3.3 per cent.

DIPAM's last transaction was the sale of 10 per cent of the Centre's stake in RITES through OFS. The issuance bombed as the exchequer raised around ₹400 crore, against expectations of garnering ₹1,000 crore.

The Centre's big divestment plans, including the privatisation of Air India, Bharat Petroleum, Container Corporation of India, and Shipping Corp of India, and the planned IPO of LIC, are all slated for the next fiscal year.