

# Govt Banking on Buybacks, Dividends

Key strategic divestments, including Air India & BPCL, likely to conclude only in next fiscal year, say officials

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**New Delhi:** The government will rely on proceeds from buybacks and dividends from public sector enterprises to shore up non-tax revenues as key strategic divestments, including Air India and BPCL, are likely to conclude only in

the next financial year, said officials. However, the additional proceeds would still be much less than adequate to meet the mammoth target of Rs 2.1 lakh crore set for 2020-21, they said.

As of January 11, proceeds from offers for sale, buybacks and initial public offerings stood at Rs 13,845 crore.

"There will be more buybacks. Some of the public sector enterprises that are profitable have be-

en told to buy back shares," said one of the officials, who did not wish to be identified.

So far, Rites, KIOCL and NTPC have undertaken share repurchases, amounting to Rs 173 crore, Rs 156 crore and Rs 1,065 crore respectively, as per government data. Boards of NMDC and Engineers India Limited have approved buybacks, proceeds from which could amount to more than Rs 1,900 crore. Dividends have contributed Rs 14,453 crore to the go-

vernment's kitty so far.

The Department of Investment and Public Asset Management had directed central public sector enterprises in November to issue dividends on a quarterly basis rather than a lump-sum towards the end of the fiscal.

The department was expecting sales of its marquee assets to spruce up collections for the financial year but due to the Covid 19 pandemic, divestments have been significantly

delayed. Deadlines for potential bidders to submit expressions of interest for Air India and BPCL were extended several times in 2020.

The government had also planned for initial public offering of LIC of India but till now only the actuarial firm has been selected to decide the embedded value of the company's large asset base.

The work for LIC's public listing will begin only next fiscal, by when the embedded value would have been calculated. While bankers for the process have been decided, they will not be able to begin till the time the exercise to find out the embedded value is complete, said an official.

The government has selected Milliman Advisors LLP India as the reporting actuary to determine the embedded value.

Of the disinvestment target of Rs 2.1 lakh crore for the current fiscal, more than Rs 90,000 crore was expected from the sale of stake in financial institutions including LIC and IDBI Bank while the larger chunk was expected from the divestment of public sector enterprises.

## Meeting the Shortfall

**₹13,845 CRORE**  
Proceeds from OFS, buybacks, IPOs as of January 11

Dividends have contributed  
**₹14,453 CRORE** to government kitty so far

Rites, KIOCL and NTPC share repurchases have yielded **₹173 crore, ₹156 crore and ₹1,065 crore**, respectively

Boards of NMDC and Engineers India Limited have approved buybacks worth over **₹1,900 CRORE**

Additional proceeds unlikely to meet **₹2.1 LAKH CR** divestment target set for 2020-21

