

# Privatisation may kick off with profit-making PSUs

## NITI Aayog likely to put out first shortlist by early next month

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The Centre is likely to privatise profit-making enterprises, reversing its previous position of first closing or merging loss-making state-run units. The NITI Aayog, which is in the process of selecting public sector units for privatisation, is likely to put out its first list, focusing on companies in non-strategic sectors, along with those that have got Cabinet approval for stake sale, or are in final stage of due diligence.

"The shortlisted firms will be put out in three-four tranches, with the first list comprising non-strategic ones, followed by strategic sectors with a focus on privatisation and not disinvestment," said a senior government official privy to the plan. He said the first report was expected in early April.

The think tank approach is in sync with the government's new strategies on privatisation and asset monetisation.

The shortlisting process gained momentum after Prime Minister Narendra Modi's recent pitch for privatisation, where he had stated that the government had no business to be in business and the mantra was going to "monetise and modernise".

Sources say the NITI report would have a plan for majority/outright sale, strategic deals, monetising assets or even share buybacks,

along with the timelines.

Sources say it is being prepared keeping in mind the disinvestment target for the upcoming fiscal year, which is pegged at ₹1.75 trillion.

The Cabinet approved strategic sale in IDBI Bank, Bharat Petroleum Corporation, Shipping Corporation, Container Corporation, Neelachal Ispat Nigam, Pawan Hans, Air India, among others. This is expected to be completed in FY22. These could be in the NITI Aayog's report.

Besides IDBI Bank, the government is aiming at stake sale in public sector companies and financial institutions, including two state-run banks and one insurance company, in the next fiscal year.

Further, the think tank evaluated the strategic sectors and is accordingly looking to fine-tune the list.

"The list of companies under the strategic sector is big and it needs to be curtailed," said the official cited above.

"The purpose is to unlock value and put assets to public use for better valuation and better use. Besides, there is a dire need to create more space for private players as they manage it efficiently and also bring global practices along," a source in the NITI Aayog said.

Officials in the finance ministry said the NITI Aayog had been preparing the groundwork for the past six months.

### PRIVATISATION PUSH



- **Names of companies** to be finalised in 2-3 weeks
- **Focus on profit-making firms** of both strategic and non-strategic sectors
- **Loss-making firms**, whether to privatise, merge or close, to feature in separate list
- **The first shortlist may have firms** like IDBI Bank and BPCL, which have already got Cabinet nod
- **For FY22, govt has set a divestment target of ₹1.75 trillion**, of which ₹1 trillion is expected to come from divestment of stake in PSBs and financial institutions