

Covid wave may delay privatisation, divestment'

Officials say LIC's IPO could also take a hit given the complex valuation process

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The surge in Covid-19 cases across the country is likely to impact the progress on strategic disinvestment and privatisation programme during this fiscal, which could further delay the sale of government's stake in companies such as Bharat Petroleum Corporation and Shipping Corporation of India.

Privatisation of two nationalised banks and a government-owned general insurance company could also be impeded. Officials also indicated that the initial public offering (IPO) of LIC may see some delay.

After the Budget, the Department of Public Asset and Investment Management (DIPAM) in the Finance Min-

istry, along with other departments and NITI Aayog, went into a huddle to finalise the next course of action on various proposals of strategic disinvestment and privatisation. In fact, NITI Aayog has recommended names of public sector banks and a public sector non-life insurance company.

Though these recommendations are yet to be made public, an official pointed out that the names do not include the six large public sector banks which have completed amalgamation during recent years. These include State Bank of India, Punjab National Bank, Bank of Baroda, Indian Bank, Canara Bank and Union Bank.

Therefore, the probable candidates have to be



Privatisation of insurance and banking companies requires some legislative action

picked-up from the remaining six: Indian Overseas Bank, UCO Bank, Bank of India, Central Bank of India and Punjab & Sindh Bank. He added that the same cannot be said about the public sector general insurance companies.

They include General Insurance Corporation of India, the New India Assurance Company, United India Insurance Company, the Oriental Insurance Company and National Insurance

Company besides the specialised Agriculture Insurance Company of India.

Another official said for the privatisation of the two banks and an insurance company, some legislative action is required along with road shows and other ground work. "All these cannot happen overnight and it will depend on how the government prioritises the work," he added.

IPO of LIC

On the initial public offering (IPO) of LIC, the official said though the legislative action has been completed, valuation will be a long-drawn exercise.

Also, LIC has several real estate properties spread over the country. Due to the pandemic, physical verification of assets will be difficult. Also, once the designated actuary gives its views, it needs to be peer-reviewed. The gov-

ernment has said a lot of work has to be done to meet the target for the third quarter of FY22. With the current situation, the target needs to be revised.

The strategic disinvestment of BPCL has moved one step forward with the completion of the sale of Numaligarh Refinery. Interested parties are soon expected to be invited for financial bids. Same is the case with Shipping Corporation of India. However, the official was not sure when this will happen, given the uncertain times. The only strategic disinvestment that is progressing well is that of Air India, data for which has been opened to bidders. So, there shouldn't be any problem in the completion of this disinvestment, the official said. The government has set a target of ₹1.75-lakh crore to be raised through disinvestment during FY22.