

Govt seeks to increase retail participation in PSU share sale

Timeframe for opening of demat accounts may be reduced

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TO increase retail participation in PSU stake sales, the department of disinvestment is contemplating an aggressive strategy to encourage more people to open demat accounts and reduce the time taken for the same.

"We will meet Sebi to see if the time frame for opening of demat account can be reduced. It will help new retail investors to apply in the upcoming PSU disinvestments," a government official said.

At present, it takes at least 3-5 days for a person to have an operational demat account, which is a must to buy, transfer or sell shares or other securities held in the electronic format.

There are over 2.30 crore demat accounts in the country. "One of the suggestions that we are looking at is an aggressive strategy for creating awareness among retail investors to participate in PSU stake sale," the official added.



Quota liberalised

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The recently held disinvestment of 10 per cent shares in state-run behemoth Coal India garnered

Rs 22,577 crore for the government, but its success was largely driven by domestic institutions, like LIC, and some foreign funds while the retail quota remained under-subscribed at 44 per cent.

This was despite the 20 per cent reservation and five per cent price discount to such investors.

Retail investors put in bids worth Rs 1,852.55 crore during the one-day offer for sale of Coal India shares. This amounted to less than half of 12.63 crore shares reserved for them, but still it is the highest so far for an OFS.

However, in a relatively smaller offering of SAIL in December 2014, retail investors lapped up the shares taking the overall subscription to 2.08 times (42.93 crore shares) of the 20.65 crore shares on offer.

Government raised over Rs 1,700 crore through 5 per cent stake sale in SAIL and the over-subscription level among retail investors was higher at 2.66 times than that of the institutional investors at 2.01.