

New wave may delay divestment schedule

Privatization of BPCL and Air India likely to be delayed, says Dipam secy

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NEW DELHI

The government's ambitious disinvestment schedule for FY22 may get delayed by a few months because of the second wave of the covid-19 pandemic, disinvestment secretary Tuhin Kanta Pandey indicated on Wednesday. Pandey, however, exuded confidence that the ₹1.75 trillion target is still achievable.

"Any divestment would mean that there are bidders on the other side and we have to listen to them as well. To some extent, the timing will be conditioned by the way they respond. In the last month or so, the pandemic has really come like a storm. We have to wait and see if the storm passes," Pandey, who is in charge of the department of investment and public asset management (Dipam) and department of civil aviation, said at the third edition of the three-day Mint India Investment Summit 2021, which began on Wednesday.

Dipam had planned to complete the privatization of Bharat Petroleum Corporation Ltd and Air India in the first half of FY22. However, Pandey hinted that such strategic disinvestments may spill over to the second half of FY22.

"I must admit that with the present wave, we have to see how soon we are able to have freer physical movement, particularly flight schedules and others, because certain amount of site inspection is also involved in the due diligence. However, subject to the availability of human resources that the bidders deploy, a lot of work can progress online and some of the work that is more physical will have to actually wait till things are clearer on the physical movement side," he said. This



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may lead to a little bit of a delay in the disinvestment cycle, Pandey said.

NITI Aayog has already finalized and made its recommendation for disinvestment of two public sector banks and one insurance company to Dipam, the chief executive officer of the government-backed think tank, Amitabh Kant, said at an earlier session of the India Investment Summit. "We have sent a very strong signal that India is willing to take tough decisions to boost growth. Dipam will be taking this forward in due course," he added.

The recommendations will be taken forward by the department of financial services in consultation with the Reserve Bank of India for legislative changes, Pandey said. "They are targeting the monsoon session for bringing the

amendments (in Parliament)," he said.

However, Pandey hinted that the actual sale of the financial institutions may not take place in FY22. "The finance minister had suggested that the two banks and one general insurance company will be taken up. It was not clearly said that all will be accomplished in FY22. Of course, we have another one, which is IDBI Bank. What she (Nirmala Sitharaman) said in the budget speech is that in addition to IDBI Bank, there will be two more banks (that will be put for privatization)," he said.

The much-anticipated initial public offering of Life Insurance Corporation may now be launched in the March quarter of FY22 and both Dipam and LIC are engaged in discovering the embedded value of the life insurance behemoth, he said. "This is the most critical task that we are monitoring on a very intensive basis, almost on a week-to-week basis," he said.

Gireesh Chandra Prasad and Rhik Kundu contributed to this story.



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