

# Govt seeks trading halts to enable PSU stake sale

■ Proposal aims to stem loss from dip in stock price

New Delhi, Mar 3

**T**HE government is seeking to suspend trading in shares of companies it plans to sell stakes as part of a plan to raise \$11.2 billion from asset sales next financial year.

The finance ministry has proposed to the market regulator, Securities and Exchange Board of India (Sebi), a halt in trading on days the government offers its stake, disinvestment secretary Aradhana Johri said in an interview.

A cap on fluctuations in share prices the day before has also been suggested, she said.

The government is seeking to stem losses from a plunge in stock prices as it targets to raise ₹69,500 crore (\$11.2 billion) in the year starting April 1, an amount crucial to its efforts to narrow the budget deficit. A 10% offer in Coal India earned the government at least \$3.6 billion even as the stock tumbled 8.6% in the week that ended with the sale on January 30.

"They should have a circuit breaker on a day before the trading if the share price suffers more than a percentage," Johri said. "We have also suggested that they should stop trading in the secondary market on the day of the offer for sale."

Steel Authority of India

## WHAT THE GOVT WANTS

- Halt in trading on days the government offers its stake
- A cap on fluctuations in share prices the day before
- Govt seeks to stem losses from plunge in stock prices



## PRECEDENTS



- 10% offer in Coal India earned the gov't \$3.6 bn even as the stock tumbled 8.6% in the week that ended with the sale on Jan 30
- SAIL shares lost almost 7% in the week ended Dec 5, the day the gov't sold 5% stake, biggest weekly decline since July 2014

(SAIL) shares lost almost 7% in the week ended December 5, the day the government sold 5% of its stake, the biggest weekly decline since July 2014.

The sale target includes stakes in central public sector enterprises, holdings in non-government companies, strategic disinvestment and Specified Undertaking of the Unit Trust of India (SUUTI), she said.

The government is looking to raise ₹28,500 crore through a strategic sale of its holdings in SUUTI, Balco and Hindustan

Zinc, according to the FY16 Budget document.

India's divestment receipts in the current year ending March 2015 was at ₹25,400 crore, Johri said on January 30.

"The divestment target for next year is certainly ambitious and we have got our game plan ready," said Johri. "We have identified certain stocks. We already got a good pipeline and we will make it even better. We won't wait till the end of the fiscal year and we will be able to respond to the market."

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