

Govt proposes halt in trading of scrip being divested on stake-sale day

Seeks new circuit breakers for the scrip a day before offer

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The 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 Securities and Exchange Board of India a halt in trading on days the government offers its stake, Disinvestment Secretary Aradhana Johri said in an interview in her office in New Delhi. A cap on fluctuations in



share prices the day before has also been suggested, she said.

Move to stem losses

The government is seeking to stem losses from a plunge in stock prices as it targets to raise ₹69,500 crore in the year starting April 1,

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ARADHANA JOHRI,
Disinvestment Secretary,
Ministry of Finance

an amount crucial to its efforts to narrow the Budget deficit. A 10 per cent offer in Coal India, a monopoly miner, earned the government at least \$3.6 billion even as the stock tumbled 8.6 per cent 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 shares lost almost 7 per cent in the week ended December 5, the day the government sold 5 per cent of its stake, the biggest weekly decline since July 2014.

Forthcoming offers

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, also known as SUUTI, she said.

The government is looking to raise ₹28,500 crore through a strategic sale of its holdings in SUUTI, Bharat Aluminium and Hindustan Zinc, according to a Union Budget document.

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

"The disinvestment 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."