

AIM: TO RAISE ANOTHER ₹50,000CR BY YEAR-END

Govt Looks to Meet 75% of FY19 Selloff Target by Dec

Plans to divest stake in 15 companies to achieve the interim goal

New Delhi: The government is looking to complete nearly three-fourths of its disinvestment target by the end of December and has a pipeline of about 15 companies in which it will sell stakes to achieve this interim goal.

The government has so far raised around ₹9,200 crore against the target of ₹80,000 crore for FY19. It will need to generate another ₹50,000 crore more to reach the ₹59,000 crore year-end objective. The companies lined up for stake sales include NTPC, Coal India, MMTTC and three railway firms.

"In some firms we will offload as low as around 5% for quick realisation. There will be a mix of offerings through offers for sale (OFS) and initial public offers (IPO)," said a senior finance ministry official.

Three to four firms are also expected to go in for buybacks, a strategy used in recent years to tap into the surpluses of state-run enterprises.

Companies taking the listing route include North Eastern Electric Power Corp. (Neepco) and MSTC Ltd in which the government will sell 25% stake each through IPOs.

It will sell 10% stake each in state-run real estate and construction companies NBCC and Housing and Urban Development Corp through the OFS route.

"We are also looking to come out with a further fund offer (FFO) of the existing CPSE Exchange Traded Fund as it has done exceedingly well in the past," said the official cited above. CPSE stands for central public sector enterprises.

Since its inception in 2014, the government has raised around ₹11,500 crore through this route in three tranches. The govern-

Goal Game

Govt wants to achieve three-fourths of disinvestment for FY18 by December



NUMBERS

FY18 budget
₹80,000cr

Raised so far
₹9,200 cr



THE PLAN

AROUND 15
cos lined up
for stake sale

NTPC, COAL INDIA,
NBCC, HUDCO and
Bharat Electronics on list

NEEPCO and MSTC on IPO list

NEW TRANCHE OF
CPSE ETF in next
two months



PLANS FURTHER
consolidation
among CPSEs

STRATEGIC SALES

Govt is expecting some cash-rich cos to opt for buybacks. It will set up a debt ETF to help them raise funds

ment raised ₹2,500 crore last year through FFO-2.

The government is also expecting some cash-rich companies to opt for buybacks. It will set up a debt exchange-traded fund (ETF) to help them raise funds for capital expenditure requirements so that even after buybacks they have money to spend.

"We don't want them to just rely on their surplus cash," said the official. "The proposed debt ETF will leverage the aggregate strength of these selected central public sector enterprises and public sector banks which will lead to smoothening of their borrowing plans and enhance the investor base."

The government is also open to consolidation among CPSEs along the lines of the Oil and Natural Gas Corp. (ONGC)-Hindustan Petroleum Corp. (HPCL) deal. ONGC bought the government's entire 51.11% stake in oil refiner

GOOD SHOW

In FY18, govt exceeded its selloff target for the first time and raised ₹1,00,056.91 cr against revised target of ₹1 L cr

HPCL for ₹36,915 crore last year.

"There are a few candidates but the final call will be taken by the respective administrative ministries," he said, adding that there was some interest from NTPC on taking over hydroelectricity generator SJVN Ltd.

Strategic sales of around five or six companies are also expected to go through by the third quarter of this year, the official said. Some of the firms in advanced stages include Bharat Pumps & Compressors Limited (BPCL) and Scooters India Ltd.

In FY18, government exceeded its disinvestment target for the first time and raised ₹1,00,056.91 crore against the revised target of ₹1 lakh crore and the initial budget estimate of ₹72,500 crore. In FY17, it raised ₹46,247 crore against the revised target of ₹45,500 crore. In FY16, the government raised ₹23,996 crore from asset sales.