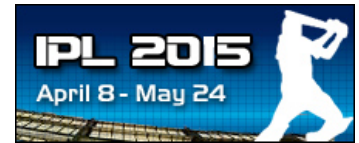




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Change Strategy to Meet Divestment Target, say Experts

By Prashant Mukherjee | Published: 27th April 2015 06:06 AM | Last Updated: 27th April 2015 06:06 AM

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NEW DELHI: The government may have to alter its strategy including selling shares at discounted prices in order to achieve the disinvestment target this fiscal, say industry experts.

It may be noted that the government has been missing the target for more than three consecutive years.

For the current fiscal, it plans to raise Rs 69,500 crore, including Rs 41,000 crore via disinvestment of Central Public Sector Enterprises (CPSE) and Rs 28,500 crore from strategic sale of PSUs.

“Setting steep targets are very difficult to achieve mostly when certain PSUs performance have failed to instill confidence in investors,” D R Dogra, Chief Executive Officer & Managing Director, Care Ratings told Express. He added that the government should focus on increasing realisation of public sector undertakings before stake sale.

YEAR	ACTUAL DISINVESTMENT	TARGET (BUDGET ESTIMATE) (₹ IN CRORE)
2012-13	23,966.81	30,000
2013-14	15,819.46	40,000
2014-15	24,277.17	36,925
2015-16	1,610	41,000

Consider the line up. Over a dozen public sector units including Indian Oil Corporation, BPCL, Dredging Corporation of India Ltd and NBCC, Hindustan Aeronautics Ltd and Rashtriya Ispat Nigam Ltd are all being short-listed either for IPOs or strategic stake sale.

As on March 2012, of the 260 CPSEs and their subsidiaries, 64 are declared sick and at least

10-15 of these will be put on the block this fiscal.

On the other hand, experts feel the government needs to change its approach and should sell shares to retail investors at a 12-15 per cent discount. Subdued market sentiment has delayed plans of ONGC's stake sale and RINL's IPO.

While a five per cent stake sale in ONGC was planned in FY15, it was deferred due to falling oil prices.

According to sources in the Ministry of Finance, to achieve the stiff disinvestment target for this fiscal, the government was making efforts to fast-track the approval process.

“This year there was no proposal to disinvest BSNL and Air India. Disinvestment in SAIL took place in 2014-15 and hence there's no proposal to further disinvest SAIL this fiscal,” they said.

It may be noted that during FY15, the country's largest coal producer Coal India Ltd's disinvestment was a major savior for the government garnering over Rs 22,557 crore. Similarly, the government mopped up Rs 1,719 crore via divestment in SAIL.

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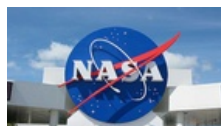
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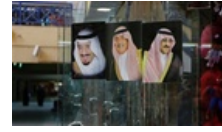
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