

Govt may not take up new PSU stake sales in FY24

Disinvestment could resume after 2024 general elections

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The Union government is unlikely to undertake any new public-sector undertaking (PSU) disinvestment—including privatisation of public-sector banks—in 2023-24, said a senior official in the know. Any such stake sale might take place only after the general elections next year.

“There is little chance of a new stake-sale transaction before the general elections. The priority will be to speed up the ongoing deals, including those to sell stakes in IDBI Bank, Shipping Corporation, and Container Corporation of India (Concor),” the official said. “Even the proposed privatisation of two public-sector banks and a general insurance firm has been postponed.”

According to sources, it was felt that this might not be an opportune time to privatise big state-run enterprises, as 2023-24 is the last financial year before the Lok Sabha elections



SLOW AND STEADY

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- ▶ Process on to sell stakes in IDBI Bank, Concor, Shipping Corporation, BEML, and NMDC Steel

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₹51,000 cr
for 2023-24

ILLUSTRATION: AJAY MOHANTY

to be held in April-May next year. Besides, global uncertainties could also not be ignored, as these influence both market conditions and government moves.

Notably, the process is currently on to sell stakes in PSUs like IDBI Bank, Concor, Shipping Corporation, BEML, and NMDC Steel. While IDBI Bank has received preliminary bids, the Department of Investment and Public Asset Management (Dipam)

is expecting financial bids by September. Expressions of interest for Concor, however, might take longer, hinted the official quoted earlier. For Shipping Corporation, meanwhile, the Dipam is in the process of starting the bidding process to divest the government's 63 per cent stake. The company received the Ministry of Corporate Affairs' (MCA's) approval for a demerger in January this year.

PSU...

The government has set a disinvestment target of ₹51,000 crore for 2023-24. Dipam raised ₹50 crore as disinvestment receipts through offer for sale between April and May this year, besides over ₹400 crore as dividend.

In her Budget speech for 2021-22, Finance minister Nirmala Sitharaman had said two public-sector banks and a general insurance company would be privatised, and that legislative amendments for this would be moved. The Privatisation Bill is yet to be moved.

The said privatisation of banks would take longer, and might not be part of the 2023-24 disinvestment plan, said another official, adding that Dipam might be going slow in view of volatile market conditions. The government had earlier indicated that it was open to selling its entire equity in these two banks — instead of the initial plan to retain a 26 per cent stake — in order to garner more interest from potential investors.