

## **Budget 2015: FM Arun Jaitley may announce Rs 45,000 crore disinvestment target for FY16**

Finance minister Arun Jaitley is likely to announce an ambitious Rs 45,000 crore disinvestment programme for the year starting April 1 when he presents the Budget in parliament on February 28. That would allow him to keep the fiscal deficit on a tight leash while finding the money needed for a public spending push. Asset sales of that magnitude would put it on par with what government wants to raise in this fiscal year.

The Narendra Modi administration is likely to seek an early start to the disinvestment programme by lining up about 10 share-sale initiatives, including IPOs. The overall target could be higher after including residual stake sales.

Companies likely to be in the list include rail companies such as Container Corporation of India (Concor) and Irocon International.

"The target for the year could be in the range of Rs 40,000- 45,000 crore," said a senior government official aware of the discussions taking place ahead of the budget.

The government feels that it can get the sale process under way quickly with one offer a month as a large number of companies have already been cleared for stake sales or are in the process of being approved.

"We are in talks with various administrative ministries and in the process of identifying companies," said the finance ministry official, requesting anonymity. "Cabinet approvals for some firms have already been taken. Unlike the last few years, the next fiscal disinvestment process will start as early as April itself."

The Cabinet has already approved stake sales in companies such as PFC, REC, NHPC and ONGC. Others in the pipeline include IOC, BPCL, NMDC Ltd, Nalco, BHEL, Dredging Corporation of India and National Buildings Construction Corp.

"Besides we will also push IPOs of HAL ( Hindustan Aeronautics Ltd) and RINL ( Rashtriya Ispat Nigam Ltd), where we look to divest 10% stake each. We will also pursue disinvestment in railway PSUs (public sector units) such as Irocon and Concor. Discussions are already being held with the railway ministry," the official added.

The government can sell up to 10% stake of Irocon and 5% of Concor. The government currently holds a 63.09% stake in Concor and 99.73% of Irocon.

The government also needs to press forward with raising public holdings in state-owned listed companies to 25%, a process that is to be completed by August 21, 2017, under Securities and Exchange Board of India guidelines.

"We will try that all PSUs achieve the mandated 25% public holding norm prescribed by the market regulator before the 2017 deadline," said the official cited above, adding that other firms on the asset-sale radar are SJVN, Neyveli Lignite and MMTC.

In the current fiscal year, the government has raised around Rs 24,257 crore through stake sales in Coal India Ltd and Steel Authority of India Ltd (SAIL). Jaitley is target to raise Rs 43,425 crore from the sale of stock in state-owned companies in the current fiscal year with another Rs 15,000 crore pegged to come from residual stake sales.

In the remaining month and a half of the fiscal year, the government is expected to kick off a few more offers, taking disinvestment proceeds to an all-time high.

Experts said it will be difficult for the government to meet the disinvestment target unless it puts stock in the big state-owned companies on sale.

"Most blue chip companies are close to a 51% government holding. They may have to look at a 5% stake in Coal India in the next fiscal also. Going forward they will have to create a new template and may look at other firms such as LIC," said Jagannadham Thunuguntla, head of fundamental research at Karvy Stock broking.

In past years, asset sales have fallen short of estimates.

*(Economic Times)*