

FY16 disinvestment target to be around Rs 43,000 cr

In FY15 Budget, the govt had targeted Rs 43,425 crore from PSUs' stake sale

Finance Minister Arun Jaitley in the Budget for 2015-16, is likely to target around Rs 43,000 crore from disinvestment proceeds, almost the same level that the government expects to realise from stake sale in PSUs this financial year.

"The disinvestment target to be outlined in Budget should be in line with this financial year's target. There are only a handful of big companies which have to comply with the minimum public holding norm," a source said.

Jaitley would present the Budget for 2015-16 on February 28.

The government looks at disinvestment proceeds as a major source of revenue, after tax collection, to finance the fiscal deficit.

Elaborating why the target can't be put in the higher range, the source said: "We can't go ahead with another big ticket divestment in Coal India (CIL) within the next financial year. Although, the market is trading high, PSU stocks are under-valued."

The government last week sold 10 per cent stake in CIL for Rs 22,558 crore. It has to sell another 5 per cent in the company to achieve the minimum 25 per cent public shareholding norm as prescribed by market regulator Securities and Exchange Board of India (Sebi).

"The target for 2015-16 would be a pragmatic one and not random figure to bridge the deficit. Divestment should be a continuous process, not a last-mile effort to bridge the deficit," the source added.

In the current financial year, the government has raised about Rs 24,400 crore through stake sale in the Steel Authority of India (SAIL) and CIL. With less than two months remaining for the financial year to end, it is racing against time to meet the budgeted target of Rs 43,425 crore.

The government has lined up a host of companies for a possible disinvestment, including IOC, NMDC, BHEL, Nalco, Dredging Corporation, PFC and REC.

According to an analysis of stakes held by the government in listed PSUs, there are close to 30 such companies where the public holding is less than 25 per cent and Sebi has proposed that the government pare its stake in these companies to 75 per cent or below by 2017.

The major PSUs where government holding currently stands at more than 75 per cent include Coal India, NHPC, NMDC and SJVN.

Moreover, there are at least seven companies where the government's stake is 90 per cent and these include MMTC, Hindustan Copper, HMT, National Fertilisers, Neyveli Lignite Corp, State Trading Corp and State Bank of Mysore.

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