
Limited disinvestment in a few PSUs only for now - FM

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It is reported that government has identified some public sector companies for disinvestment, but its primary focus would be to dilute equity in listed profitable companies with less than 10% public shareholding with follow on public offerings.

Mr Pranab Mukherjee Union finance minister at the Economic Editors Conference said that “A few public sector undertakings have been identified for sale of small portions of the government shareholding in the domestic market and for issue of fresh equity to meet their fund requirements, if required.”

The minister said the government would wait for the right opportunity to offload its equity in public sector companies. He added the government had not yet revised the target for disinvestment proceeds for this year. The Budget had estimated INR 1120 crore revenue from this. The disinvestment department was in talks with other ministries to identify the cases for disinvestment.

The ministry said that “Given that much of the recent spurt in growth has come about due to the significant increase in growth of private investment, it is important that we address the issues that are holding back the revival of private investment in the economy. The efforts on fiscal consolidation and debt management and the mobilization of additional resources through disinvestment proceeds should help in this regard.”

Recently, the government concluded public offers of equity in NHPC and Oil India. The market capitalization of these companies, post-listing, has increased to INR 37702 crore and INR 27220 crore, respectively, a rise of 106% and 177%. There was a mix of direct disinvestment as well as fresh equity in the case of these companies.

The government will directly sell its stake in NTPC without issuing of any fresh equity. In case of Satluj Jal Vidyut Nigam Ltd and Rural Electrification Corporation, there would be a mix of fresh equity and direct government stake sale.

(Sourced from Business Standards)

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