

Printed from

**THE TIMES OF INDIA**

# Govt faces uphill task to raise Rs 21k cr via PSU strategic sale

TNN | Oct 12, 2016, 04.00 AM IST

**N**ew Delhi: The government's aim of raising Rs 20,500 crore from strategic sale in the current financial year may be an uphill task given the unease within the bureaucracy over signing on valuations for such deals. In addition, a section within the ruling BJP is of the view that disinvestment during the Atal Bihari Vajpayee regime had an adverse impact on the party's electoral performance.

With over six months into the new financial year, the government has given the green light for strategic disinvestment in Allahabad-based Bharat Pumps and Compressors and is working on a half a dozen hotel properties. Bharat Pumps is the first case of strategic sale in 12 years as successive governments had put the process on the backburner due to the fear of triggering a controversy over valuations and backlash from trade unions and political parties.

The Modi government had unveiled the move to resume the strategic sale programme in the 2015 budget and said specific sectors would be kept out of the plan. Strategic sale refers to transfer of management control and ownership. "At best, we may be able to complete one strategic sale this year but that too will depend on a number of factors," said an official who did not wish to be identified. The fear over hounding by agencies, even after retirement, had stalled strategic sale last year.

It takes about six to eight months to complete a strategic sale. The global investment community would go for Christmas and other holidays from early December, which again could act as a stumbling block. Added to this is the protest from trade unions, which lobby against such sales, delaying decision making as the political executive weighs options.

"The first hurdle would be valuation," said the official. Once the valuation is done by authorised agencies using four-or-five methods, it needs to be signed off by a panel of joint secretaries in the government. The proposal then moves on to another panel of secretaries who prepared the ground work for the Cabinet to take a final call.

Officers would be reluctant to sign off the valuation given the controversy over the issue and fate of several senior secretaries, who have been dragged from their retirement by investigating agencies as doubts have been raised over sales which took place nearly ten years ago, the official said.

Lack of adequate protection for bureaucrats taking financial decision in the interest of a company is a huge obstacle in faster decision making, particularly in cases of asset sales in state-run firms. The amendments to the Prevention of Corruption Act (PCA) are also pending in Parliament.

"It will need strong political will to push through strategic sale. In the absence of that, there is unlikely to be any significant progress," said another official. The best year for strategic sale was 2001-02 when the then Atal Bihari Vajpayee-led government managed to sell seven state firms, raising over Rs 3,000 crore. The developments could be bad news for the government which aims to raise Rs 20,500 crore from strategic sale in the current fiscal year out of the overall target from asset sales of Rs 56,500 crore.

But finance ministry officials are confident of meeting the disinvestment target, banking on buyback of government shares in PSUs with idle cash. This has helped the government raise Rs 21,000 crore in the current fiscal.