

# EYE ON DIVESTMENT TARGET, CPSE M&A PLAN TO CONTINUE

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NEW DELHI: The [finance ministry](#) will go ahead with its merger and acquisition programme for state-owned companies despite opposition from administrative ministries, as it looks to meet its disinvestment target.

On top of the agenda is the merger of Power Finance Corporation and Rural Electrification Corporation, both lenders to power projects. The other major deal could be NTPC, India's largest electricity generator, acquiring hydropower company SJVN.

"There are some minor issues that are being looked at," said a finance ministry official, adding that at least two such deals will close by end of the financial year. There was some opposition from the power ministry with regard to the PFC-REC merger, but the larger view — that a single entity would achieve economies of scale — has prevailed.

So far, the government has raised `15,247 crore of the targeted `80,000 crore from disinvestment in FY19. Another Rs 17,000 crore is expected from the Central Public Sector Enterprise exchange traded fund offer, which was oversubscribed 3.5 times.

The government expects to get about Rs 18,000 crore from the sale of stake in the PFC-REC deal. The Department of Investment and [Public Asset Management](#), which administers the disinvestment programme, has selected [ICICI Securities](#) as an advisor for up to two energy deals.

The government's strategic sale programme slowed after it failed to find buyers for the 76% it offered in Air India, the national carrier. There are about a dozen companies the government has identified for selling 100% stake.

A government official aware of deliberations said that in most cases, there is very little interest or offer prices are considerably low. "We are not looking at a fire sale," the official said.

In some cases such as Bridge & Roof Co (India) and Bharat Pumps & Compressors, there is very little interest from the private sector, the official added. A senior bank executive with a transaction advisory firm, however, said the government is dithering on these issues, some of which can be closed early.

The government has identified assets including [real estate](#) in nine central public sector enterprises to be hived off.

"The government does not want any political trouble and therefore looks like focussing on takeover among state-run firms," the bank executive said, citing the example of [Dredging Corporation of India](#), where the government will sell its 73.44% stake to a consortium of four ports, which are autonomous bodies functioning under the ministry of shipping.

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