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BIG PUSH FOR DISINVESTMENT LIKELY TO BRIDGE FISCAL DEFICIT

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NEW DELHI: The government is expected to go full throttle on big bang disinvestments in Bharat Petroleum Corporation Ltd, Container Corporation of India and Shipping Corporation of India among others, in the next fiscal year, with the aim of bridging its fiscal deficit.

Top government officials said they were hopeful of meeting the new target of Rs 2.1 lakh crore in the next financial year, which is double that of the current fiscal year, despite disinvestment proceeds for the current year languishing at Rs 18,094 crore.

“Some of them, we are going to conclude this year, but some of the large ones are going to spill over to the next year, and the receipts are going to come the next year… So, the transactions are all lined up,” Department of Investment and Public Asset Management (DIPAM) secretary TK Pandey said. “... BPCL expression of interest is just about ready to be out as well. So, we are quite hopeful that we will be achieving the disinvestment next year.” Of the total target for FY 2020-21, Rs 90,000 crore is being pegged from disinvestment of government stake in public sector banks and financial institutions.

The Budget has also proposed to divest part of the government’s stake in Life Insurance Corporation (LIC) of India through a public offer next fiscal year, and in IDBI Bank. A new debt-based exchange traded fund consisting primarily of government securities, will be offered as well.

Experts said the fiscal deficit target of 3.5% of GDP in FY21 was “critically dependent” on the ambitious disinvestment target of Rs 2.1 lakh crore, which is 223% more than the FY20 revised estimate of Rs 65,000 crore. “Achievement history of disinvestment targets indicates that such a target is quite aggressive and would require considerable initiatives both for strategic and other disinvestment on the part of the government,” said DK Srivastava, chief policy advisor at EY India.

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