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# LET'S EXORCISE THE GHOST OF STALLED ASSET SELL-OFFS

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Yet another miss of India's budgetary target for stake sales seems likely in 2021-22. Our fiscal spreads have been haunted by such failure for so long, it could raise questions of state resolve

The familiar ghost of a missed asset sell-off target at India's fiscal banquet threatens to re-appear this financial year, with Bharat Petroleum Corp Ltd's sale looking dicey as the year fast draws towards a close. As reports have it, would-be bidders for this state-run company have not been able to find partners and arrange funds, even as lender approvals are awaited, for what the government hoped would be one of its three big coffer-stuffers in 2021-22 to help achieve its disinvestment goal of 1.75 trillion. Now, with less than a quarter left and financial bids not even invited, the sale may need to be pushed forth. If so, that could leave a 60,000-crore hole in our budget math that would burden tax buoyancy with the job of filling it in for the year's fiscal deficit to be kept at 6.8% of gross domestic product. Tata-bound Air India and public offer-headed Life Insurance Corp of India (LIC) are the other two equity offloads the Centre is counting on. So far, it has raised 9,329 crore, or just about 5% of its plan. In a year of business recovery, rising valuations and a big revenue revival, this is remarkably slow going. After all, no administration before this has been so open in its stance on privatization, a term it refreshingly does not shrink from.

With an Air India deal in the Centre's bag, all eyes right now are on the upcoming LIC offer. The country's biggest insurer will not be privatized, but given its coverage, financial numbers and how highly it would probably be valued by investors at large, early estimates had suggested that even a tenth of its shares held out for grabs could draw a whopping 1 trillion. If this mega-sale goes through, our performance on a major policy thrust will not be too dismal. Yet, leaving it for early 2022 could be cutting it too close. Investors await clarity in its issue prospectus on what value could be got, an evaluation that must factor in how its profits will be shared with LIC policy holders who get some of its surplus. The longer all this takes, the larger its exposure to the risk of a turn in the market's mood as global capital settings begin to change. It would be very unfortunate if the Centre's efforts to shed its ownership of enterprises it shouldn't have owned were to miss a global capital surge driven by a great covid easing of credit.

While the Centre has put out a bold outline of its equity-shedding plan, with sectors broadly marked for stake retention or divestment to varied degrees, failures on its actual score have routinely haunted our budgets. Last year, it fell short of its 2.1 trillion aim by 1.78 trillion. Even pre-covid, it met its goal only twice in the six years starting 2014-15, when the current Bharatiya Janata Party (BJP) dispensation took office. Past administrations had largely been iffy about India's policy on privatization, especially the previous one led by the Congress, with its left-of-centre leanings and residual attachment to an outsized public sector, harking back to a Nehruvian order whose time was past. For a long part of our economic liberalization story, analysts saw asset sell-offs as a question of the state's resolve. The BJP, however, was not expected to waver on this agenda, let alone let it succumb to similar shades of inertia. Perhaps a tax-intake bounty can yet help defray the fiscal damage of a missed target this year. But if this recurrent spectre is to be exorcised for good, we need to get realistic—and plan better.

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