

FINANCE MINISTRY REWORKING STRATEGIC SALE PROCEDURE FOR CPSES

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

The finance ministry is reworking strategic sale procedure to ensure outright sale of [CPSEs](#) within 4 months of issuance of documents to potential investors, a move aimed at ensuring speedier conclusion of the entire process, an official said.

However, for CPSEs like [Air India](#), which are relatively bigger in size, the timeline for completion of strategic sale is likely to be fixed at 6 months from the date of issuance of Preliminary Information Memorandum (PIM) about the company.

Currently, there is no set timeline for concluding strategic sale of a state-owned company and the entire process, in some cases, drags on for months, if not years.

"The strategic sale policy is already in place, but the procedure needs to be streamlined so that the sale process is completed within 3-4 months' time. The thinking is that if a process cannot be completed in 4 months then it should be abandoned," an official told PTI.

Facing a daunting task of meeting the Rs 90,000-crore [disinvestment](#) target in the current fiscal, the Department of Investment and Public Asset Management (DIPAM) will focus on outright sale of selected CPSEs, which have been pending for long. [NITI Aayog](#) has already identified 35 profitable and loss-making CPSEs which can go in for strategic sale.

"The procedure would be drafted in a way such that the process can go on simultaneously for more than one CPSE. For bigger CPSEs, the timeline for completion of sale could be extended till about 6 months," the official added.

The companies which have been shortlisted for strategic sale include Air India, Air India subsidiary AIATSL, BEML, Scooters India, Bharat Pumps Compressors, and Bhadrawati, Salem and Durgapur units of steel major SAIL.

The other CPSEs for which approvals are in place for outright sale include Hindustan Fluorocarbon, Hindustan Newsprint, HLL Life Care, Central Electronics, Bridge & Roof India, Nagarnar Steel plant of NMDC and units of Cement Corporation of India and ITDC.

The process for strategic sale of many state-owned companies started back in late 2017 or early 2018 but the transactions could not be concluded.

The DIPAM had issued PIMs for sale of [Pawan Hans](#), Bharat Pumps & Compressors Ltd, Hindustan Fluorocarbons Ltd in April 2018, while the same for Scooters India, Hindustan Newsprint was floated in March 2018. The same of SAIL's Alloy Steel Plant was issued in February, while that of Hindustan Prefab was posted on website in October 2017. However, these transactions could not be completed so far due to variety of reasons.

In last fiscal the government had raised Rs 84,972 crore from CPSE disinvestment, of which Rs 15,914 crore came in from strategic stake sale.

During the fiscal, state-owned NBCC bought government stake in HSCC for Rs 285 crore.

Besides, a consortium of four ports acquired the government's 73.44 per cent stake in Dredging Corp of India for Rs 1,049 crore, while National Projects Construction Corporation (NPCC) was sold for Rs 80 crore.

An amount of Rs 14,500 crore was raised by way of state-run Power Finance Corp acquiring the government stake in REC.

So far in current financial year, the government has mopped up Rs 2,350 crore through disinvestment transactions.

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