

# From outright sale to retaining stake, govt rethinking CPSE disinvestment strategy

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The government is reassessing its divestment strategy for Central Public Sector Enterprises (CPSEs).

In wide-ranging discussions with different department and ministry officials, *businessline* learns of a possible shift in focus from outright privatisation of CPSEs to retaining control over profitable, high-market-cap and strategically important entities.

This shift is driven by objections from ministers and senior bureaucrats, who argue that some CPSEs — like Shipping Corporation of India (SCI), NMDC Steel and

Bharat Heavy Electricals Ltd (BHEL) — are strategically important for the State to relinquish control.

Recently, Rashtriya Ispat Nigam Ltd (RINL) got a ₹11,440 crore revival package and is off the divestment radar. NDA allies, too, have, at times, been vocal against the privatisation of CPSEs.

“Some entities are in core sector where a State presence is needed as back-up. In some cases, India is looking to ramp up presence and having a State-owned company there could be helpful in the initial days,” an official explained. “There have been some suggestions like part stake-offload in profitable CPSEs as an alternative,” another official added.

## THE SCI STORY

In the case of SCI, a profitably-run State-owned shipping line, it played a vital role during the Covid-19 pandemic and in navigating international sanctions. Considering the forex outgo on shipping, there are growing calls to strengthen SCI, especially as the country aims to ramp up domestic ship-building capabilities.

SCI has a market cap of nearly ₹9,500 crore.

## OTHER PSU<sub>s</sub>

Similarly, there is a re-think about the divestment of NMDC Steel.

Steel is seen as a core sector, where government presence is required. At present, a ramp-up of operations is on

at NMDC Steel, which produces 7,500 tonnes of hot metal per day. To be EBITDA positive, production ramp-up to 9,000 tonnes of hot metal per day is needed. “By March, NMDC Steel should be EBITDA positive,” an official said.

Officials in the know say that BHEL, which is into railway coach and heavy electrical equipment making, could be tagged a “strategic” PSU and also taken off the divestment list. Previously, Hindustan Copper Ltd was tagged “strategically important” in view of it being the only State-run entity having control over the mining of this critical mineral and also in processing capacities in the country.