PSUs may be asked to take part in BPCL disinvestment

RAJEEV JAYASELWAL

NEW DELHI: The government has signalled at least two of its blue chip firms—Indian Oil Corporation (IOC) and Oil and Natural Gas Corporation (ONGC)—to be ready to participate in the strategic disinvestment of Bharat Petroleum Corporation Ltd (BPCL), two officials aware of the developments said.

In the 2019-20 financial year, the government, which has been facing a slowdown in growth for six straight quarters, has so far mopped up just ₹17,364.26 crore through disinvestment. In the July 2019 budget, the Centre set a disinvestment target of ₹1.05 lakh crore.

The participation of IOC and ONGC would be a contingency measure in case of a muted response from prospective private bidders, said the officials who spoke on the condition of anonymity. BPCL's strategic disinvestment by March 31 is crucial to the government achieving its target, they said.

- Strategic disinvestment implies substantial sale of government shareholding in a public sector company along with the transfer of management control.
- Initially, the government did not favour the participation of state-run oil majors such as ONGC and IOC in BPCL's disinvestment, mainly because the public sector companies would have to shell out a huge sum of around ₹50,000-70,000 crore in case of difficulties in selling off BPCL's stake and receiving its proceeds before March 31, the government may take the route that is prescribed for the strategic disinvestment of THDCIL and NEEPCO, the first official said.

CCEA in November decided to divest the government's entire stakes in THDCIL (74.23% shareholding) and NEEPCO (100%) along with management control to state-run energy major NTPC Ltd.

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