

The Hindu & BL Editorials

19th Jan. 2021

Getting real on divestment



Low hanging fruit on divestment has been plucked; the Centre needs to meet bigger targets

India's public sector disinvestment programme, which was rebooted with much fanfare in the 2020 Budget, is showing signs of meeting the same fate as earlier years with receipts falling substantially short of ambitiously set targets. Data from DIPAM show that offers for sale, buybacks and a solitary IPO have managed to mop up just ₹15,220 crore for the first nine months of this fiscal. Even with the last hour scramble by the Centre to push through the Indian Railway Finance Corporation's (IRFC) IPO, a few offers for sale and nudge more PSUs into buybacks, the March-end target of ₹2.1 lakh crore looks way out of reach.

To be fair, the NDA regime has demonstrated more tangible results than its predecessor UPA in raising material sums from PSU disinvestment. It managed to raise over ₹50,000 crore in three of the last five years (FY15 to FY20) by tapping the exchange traded fund route and managing well-timed offers for sale. But with such efforts already fetching over ₹3 lakh crore in the last five years, the low hanging fruit of minority stake sales now appears to have been plucked. If the Government is now serious about setting its sights higher in the upcoming Budget, the disinvestment programme may need a makeover. Going by the recent experience, it may do well to revisit two aspects. One, if it is keen on getting more private bidders interested in strategic sales of large PSUs, it may need to do more detailed groundwork. Refurbished strategic sale documents for Air India and BPCCL put out recently suggest that the government has learnt some lessons from previous mis-steps; it is now willing to rid PSUs of excessive debt or contentious liabilities, to sweeten such deals. But one-sided terms that require successful bidders to take on onerous commitments (such as retaining all employees or not selling any assets)

have proved to be a wet blanket. The Centre may also need to proactively reach out to potential buyers in these sectors to widen the field. Two, it also needs to shed its diffidence, evident from the under-pricing of attractive PSUs. When private sector promoters have been pricing middling businesses at astronomical IPO valuations, offers from the fundamentally solid IRCTC and IRFC have left far too much money on the table. Choosing lead managers for their ability to maximise disinvestment proceeds, rather than ability to bid rock-bottom fees may help.

For the Centre to extract more bang for buck from disinvestment, it also needs to introspect why sound listed PSUs today command a fraction of the valuation of their private sector peers. Ad-hoc interventions from their promoter on untimely buybacks, dividend payouts and forced takeovers have gone a long way in convincing investors that PSUs enjoy operational autonomy only on paper. Undoing this perception is critical to ensuring that the disinvestment programme takes off at least from here on.

Whatever it takes: On govt. powers to combat vaccine hesitancy

The government must do all within its powers to combat vaccine hesitancy

Faith in entities is often an act of personal commitment not amenable to falsification, but trust in a scientific process can be established with confidence-building measures and full disclosure of all relevant data. Any mass campaign that involves voluntary effort on the part of the public can succeed only when transparency and open communication channels are the tools of choice. If the poor rate of **uptake of the COVID-19 vaccine** in most of the States in the country is any indication, the government has not taken the people of the country along, in what is a purely voluntary exercise, but one vested with great power to retard the pace of the epidemic. For instance, Tamil Nadu, a State perceived to be largely health literate, and relatively well-equipped with health infrastructure, achieved only over 16% of its targeted coverage on the launch day. On the second day of vaccination, the compliance further dropped; in some States, vaccination was suspended. A marked favouring of the **Covishield vaccine over Covaxin** was also noticed in multiple States.

But none of this is a surprise. The signs, verily, were out there for everyone to see, for a long time indeed. Studies measured high levels of **vaccine hesitancy** among the general population, and among health-care workers, the first in the line list of people to receive free vaccination. Clearly, vaccine hesitancy was not addressed sufficiently, or not taken seriously enough. With the sequence of events that followed the clearance of Emergency Use Authorisation (in Covaxin, it is emergency use authorisation in 'clinical trial mode') — a high-handed announcement with little attempt to put out compelling evidence in the public domain, or answer multiple queries in press conferences — vaccine hesitancy merely dug its heels in deeper. The inability of the government and agencies involved to amicably resolve controversies surrounding the clearance for Covaxin, even before it was able to produce interim data on efficacy from phase-3 trials, has had a direct consequence, as witnessed by poor numbers in its uptake so far. A

vaccine, unequivocally, is public good, but the lack of transparency surrounding the roll-out of the **COVID vaccines** has done little to enhance trust in this experiential principle. This uncommon haste in trying to lunge towards the tape while still some distance from the finish line might have been justified if the state had taken the people along. Vaccinating the nation, however, is less a race than a slow and steady process. Building confidence in the process is crucial to achieving the task at hand. Prime Minister Narendra Modi's oft-repeated mantra, 'Sabka Saath, Sabka Vikas', is very relevant here. And the Health Ministry must do whatever it takes to make a success of the vaccination drive.

Poison and prison: On political importance of Navalny

Navalny is growing as an oppositional figure in Russia as Putin unleashes state power on him

Russian authorities have repeatedly tried to play down the **political importance of Alexei Navalny**, the opposition politician who was poisoned in Siberia five months ago, saying he is unpopular. President Vladimir Putin, while answering questions from reporters in **December on the poison attack**, said, 'who needs him anyway'. But the arrest of the 44-year-old Kremlin critic upon his return to Moscow on Sunday — he left the country in a coma from the near-fatal chemical attack — only belies such claims. The authorities diverted his plane to a different airport on the outskirts and detained him before he could get past the passport control, while riot police were deployed to stop his supporters from entering the arrival zone of another airport. Russian authorities had warned that he would be arrested if he returned from Germany, where he was recovering from the poison attack, as he had been wanted since late December for violations of his suspended sentence from an embezzlement case. But Mr. Navalny, who has accused Mr. Putin of ordering the poison attack, still chose to travel to Russia, in an open defiance of Mr. Putin's power, and courted arrest. On Monday, a judge remanded him in custody for 30 days.

In Mr. Navalny, Mr. Putin has found his strongest political opponent in his two-decade-long rule. Once known for his extreme nationalist and anti-immigrant views, Mr. Navalny has turned himself into the embodiment of the anti-Kremlin politics in Russia, which remains tightly controlled by Mr. Putin. And it is no secret that the Kremlin has tried its best to suppress his political movement. He has been detained several times and criminal cases launched against him. He was barred from contesting the 2018 Presidential election. And in August, he collapsed while on a domestic flight from Siberia. German doctors who treated him later confirmed that he was poisoned with a Novichok nerve agent. Western media investigations had implicated Russian agents, an allegation the government has denied. Even if Russian agents were not involved, Mr. Putin cannot escape questions about his most prominent political opponent being poisoned within Russia. His government has the responsibility to investigate what happened in Siberia and bring the perpetrators to justice. That is what any government that believes in the

rule of law should be doing. But instead of finding and punishing those who attacked him, Mr. Putin's government, like any dictatorial regime, is going after the victim. It is ironic that Mr. Putin, who recently got the Constitution amended so that he could stay in power beyond two consecutive terms, is still perturbed by the presence of a leader who he says nobody wants. If the long years of attempts to suppress Mr. Navalny's political activism have achieved anything, it is that he is now a stronger opposition figure with international standing.