

PSUs may Pay Higher Dividends for Govt to Meet Budget Shortfall

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Mumbai: The likely postponement of India's biggest initial public offer from Life Insurance Corporation of India has raised expectations on Dalal Street that state-owned companies and banks could pay higher dividends as the government might look at ways to make up for the budget shortfall, according to analysts. The government planned to conclude the LIC IPO before the current financial year



ending March 31 but the turmoil in the market has sparked speculation that the issue could be postponed. The government is yet to comment on the matter. The IPO is estimated to fetch the government around ₹65,000 crore.

“With the likely deferral of LIC IPO to FY23, the budget shortfall for FY22 will be huge, and the pressure on Reserve Bank of India, public sector banks and state-owned companies to pay a higher dividend to the government will increase to partially compensate for it,” said Piyush Nagda, head - investments products, Prabhubdas Lilladher.

GAIL's board will meet on March 11 for the interim dividend, while the BEL board meeting has been scheduled for March 17.