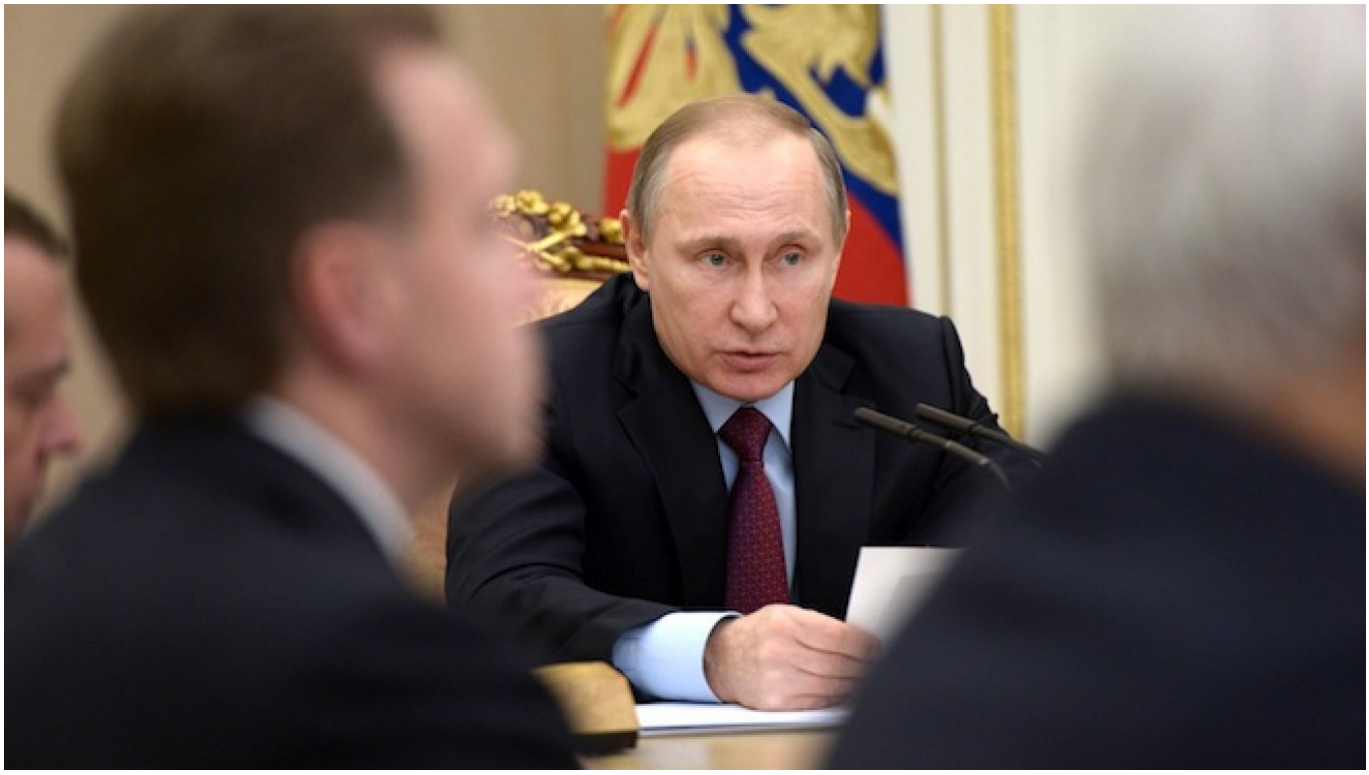
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Putin Says No Privatization at Knockdown Prices

By The Moscow Times

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Russian President Vladimir Putin chairs a meeting on privatisation at the Kremlin in Moscow, Russia, Feb. 1, 2016.

President Vladimir Putin on Monday threw cold water on proposals to quickly sell stakes in state companies to fill holes in Russia's budget.

"There should be no sale of shares cheaply, at giveaway prices. This won't bring particular benefit to the budget," Putin said at a meeting with officials and heads of state firms.

Ministers had considered privatizing stakes in a major companies including banking group VTB and oil giant Rosneft to raise money after a plunge in the price of crude, Russia's main export, left the budget struggling to finance a growing deficit.

Privatization could help avoid raising taxes, cutting spending or draining fiscal reserves, while also boosting capital in the banking sector, which has limited access to Western capital

because of sanctions imposed during the Ukraine crisis.

However, Russia's economy is in recession and share prices are low, meaning the government would make less from their sale.

Putin added that the government should not lose control of strategically important companies, according to a transcript on the Kremlin website, limiting the size of any privatization program.

Analysts previously told The Moscow Times the government may struggle to find buyers and be forced to finance privatization through state banks, a tactic would turn the process into a budget bailout mechanism and undermine hopes that it could bring in new management expertise and improve efficiency at the companies on sale.

Putin on Monday ruled this out, saying that money from state banks should not be used and participants must have plans to develop the businesses they buy.

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