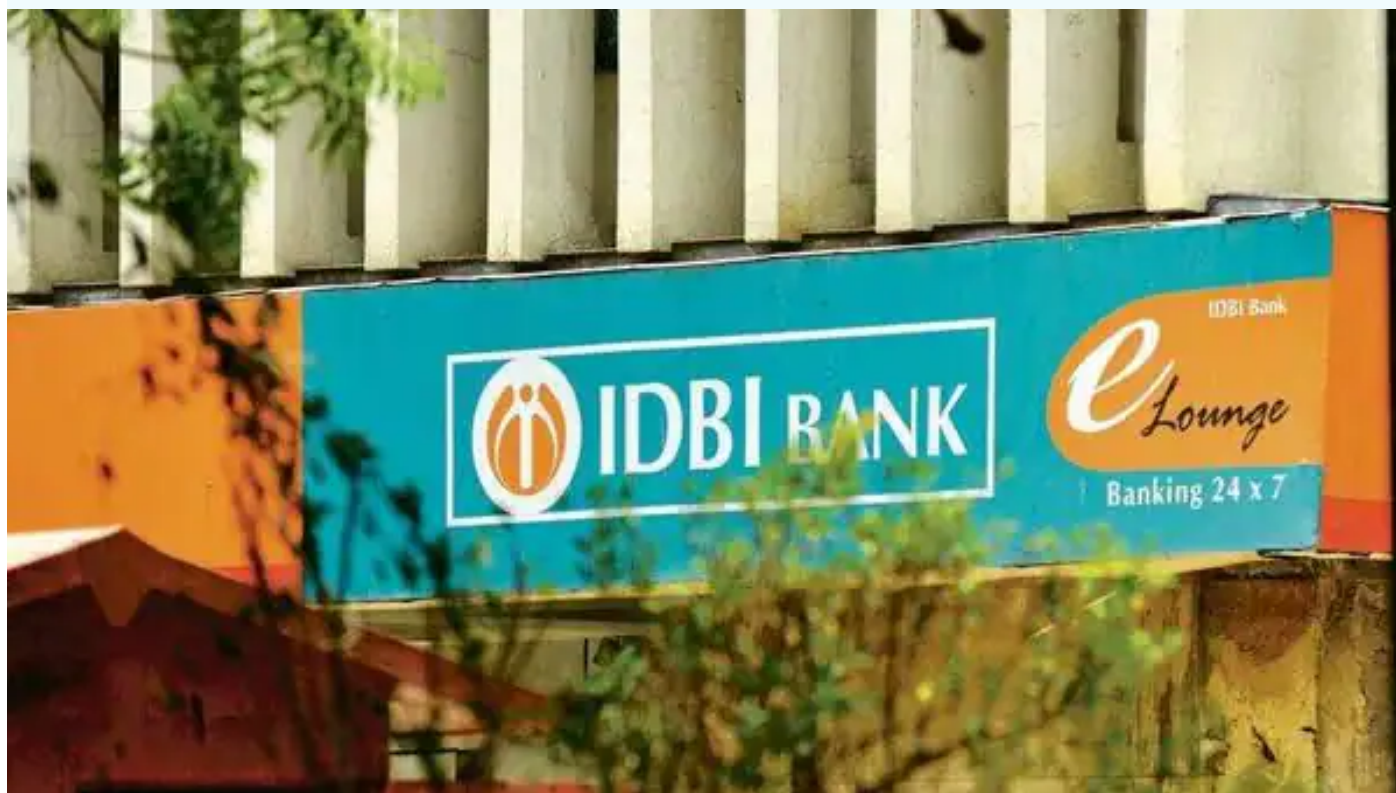


Govt takes 'pragmatic' view on disinvestment targets

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The government has set a lower disinvestment target for FY24 at ₹51,000 crore as compared with the previous financial year, while also lowering the revised estimates from FY23 to ₹50,000 crore from the earlier target of ₹65,000 crore, according to the budget documents issued on Wednesday



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“Disinvestment is based on market conditions and other factors, therefore a practical and prudent target has been kept,” Tuhin Kanta Pandey, secretary, department of investment and public asset management (DIPAM) said during the finance minister’s press conference on Wednesday, after the union budget presentation.

He had told Mint in a recent interview that disinvestment should be looked at from the point of view of reforms and employment creation instead of only capital

generation.

“It should be looked at from the point of view of reforms. If you have to keep your fiscal deficit in control and still be able to put capex and social sector expenditure, you’ve got to be raising money apart from revenue. So, non-tax revenue is important, and then disinvestment is miscellaneous capital receipts. But generating resources is a small part of the story; it’s how productivity enhancement takes place in the economy,” he said last month.

Mint reported on 10 November that the government plans to go for a realistic disinvestment target in FY24, lower than FY23, since it had missed targets set for prior financial years.

The most recent was the ₹1.75 trillion target for FY22 which was revised downwards to ₹78,000 crore in the revised estimates in the union budget last year.

The actual proceeds for FY22 were a dismal ₹13,627 crore, primarily owing to the disruptions caused by covid-19 pandemic.

According to details from the department of investment and public asset management, the government had collected ₹31,106 crore as of 1 February, the majority of which had come from the public listing of Life Insurance Corporation of India which sold 3.5% stake for ₹20,516 crore.

The government has achieved 48% of its disinvestment target of ₹65,000 crore of FY23 as of 18 January, the economic survey tabled in Parliament on Tuesday showed.

The government has outlined plans to sell its shares in IDBI Bank, Shipping Corporation of India, BEML and Container Corporation of India through strategic sales where it will also transfer management control, among a slew of other stake sales. The government aims to invite financial bids for the stake sale in IDBI Bank, which will spill over to FY24 even as it proceeds with the disinvestment following the demerger of non-core assets of Shipping Corp. and BEML.

In addition, the government will seek expressions of interest for Concor following engagements with investors in recent road shows. But this, too, may take a more concrete shape only in FY24.

Disinvestments through strategic sales of HLL Lifecare Ltd and Projects and Development India Ltd are in advanced stages, and the proceeds may come in this

fiscal year itself. However, the overall proceeds are unlikely to meet the target set for FY23.

The government has shelved the strategic disinvestment of Bharat Petroleum Corp. Ltd, which was expected to bring in ₹50,000-60,000 crore. The disinvestment of Central Electronics Ltd has also been scrapped, Mint reported earlier.

The disinvestment of Pawan Hans is also hanging fire following litigation against the winning bidder.

According to the budget documents, capital receipts from monetization and other transactions outside of disinvestment have been pegged at ₹10,000 crore for FY24 and the revised target for FY23 has been increased to ₹10,000 crore as well, compared to actual proceeds of ₹1,011 crore in FY22.