Disinvestment target for FY25 may be lower with no new lofty plan

FY24 BE of ₹51,000 cr expected to be slashed by half

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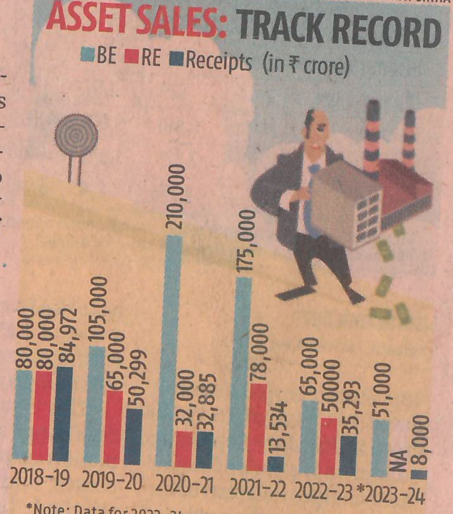
ILLUSTRATION: BINAY SINHA



*Note: Data for 2023-24 represents only Budget Estimates and realisation as on Nov 1; BE: Budget Estimates; RE: Revised Estimates

Source: DIPAM

The Centre could further moderate its disinvestment target for 2024-25 (FY25), as it does not expect large receipts from asset sales — except some ongoing strategic ones, including IDBI Bank, which could spill over into next financial year. Also, it may drastically reduce its FY24 disinvestment target of ₹51,000 crore.

"We are still evaluating the Budget estimates for FY25. New big-ticket asset sales are unlikely. The focus will be on completing the ongoing deals," said a government source privy to the discussion. Global uncertainties had impacted investor sentiment, affecting previous timelines set for the completion of deals, said the source. The disinvestment target in the Budget Estimate (BE) for FY25 could be 15-20 per cent lower than FY24 BE, depending on the evaluation of the asset sales already in progress.

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Disinvestment target...

The Centre could even halve its FY24 BE target of ₹51,000 crore. If so, this will be a fourth time that the government will miss its disinvestment target. According to data from the Department of Investment and Public Asset Management (DIPAM), the government has so far managed to garner ₹8,000 crore via sale of assets.

Unlike many other strategic deals that would spill over into next financial year, the initial public offering (IPO) to sell a 25 per cent stake in the Indian Renewable Energy Development Agency (Ireda) is expected to come by the end of the current financial year. Besides, the Centre is also optimistic about dividends from public-sector undertakings (PSUs), which it hopes will surpass its estimate of ₹43,000 crore in the Budget for FY24.

The only year in the recent past when the government has met its disinvestment target has been 2018-19. It realised ₹84,972 crore during that year, against the BE of ₹80,000 crore. In 2019-20, the actual collections were ₹50,299 crore, which was half the BE for the year. During the pandemic years — 2020-21 and 2021-22 — the receipts were significantly lower than BE. The proceeds in 2022-23 were mainly driven by LIC, whose IPO fetched the Centre ₹35,293 crore. The overall collections were still about ₹15,000 crore short of RE for that financial year.

According to experts, the slow progress in asset sales is not a concern for the government, as receipts from tax and non-tax revenue are providing sufficient cushion to meet the fiscal deficit target. Also, no new strategic sale has been approved in recent times. With some states going to the polls this year and the Lok Sabha elections set to take place next summer, experts do not see this as the best time for politically sensitive moves.

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Tata Steel slips into red, reports ₹6,196 cr net loss

Tata Steel reported a consolidated net loss of ₹6,196.24 crore in the July-September quarter on the back of impairment charges and restructuring costs due to the proposed transition in the UK. In the year-ago period, the firm had posted a net profit of ₹1,514.42 crore. Tata Steel's consolidated income from operations for the quarter was at ₹55,107 crore, down by 7.4 per cent year-on-year.

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