

The divestment factor

Data from DIPAM shows that it has garnered 42% of the budgeted ₹56,500 cr till November 30

Of all the things that the 1991 interim budget presented by Yashwant Sinha brought about, including liberalisation and globalisation, there was also the policy of divestment. Though the dispensation of the day had thought of divestment as more of a market-balancing strategy, it has been increasingly used by governments, that too unsuccessfully, as a tool for containing the fiscal deficit. In fact, an analysis of data since FY92, when the policy was first initiated, shows that the government has time and again missed its targets for divestment. So much so, that in the last 25 years, the government has only been able to achieve the target on four occasions. Though the situation has somewhat improved since FY12, the realisation of budgeted receipts at 49.5%, has lagged the long-term average of 52.2%. While the current government changed the name of the department from divestment to department of investment and

public asset management (DIPAM)—also restarting the policy of strategic sales—the situation has not changed much. The government was able to meet just 34% of the ₹69,500-crore target set for FY16 (this includes ₹28,500 crore set for strategic sales); DIPAM data shows that it has only achieved 42% of the budgeted ₹56,500 crore till November 30.

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THE DIVESTMENT GAP

