# Divestment target for FY25 may be at least 20% lower

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The government may set a divestment target for the coming fiscal year that is at least 20% lower than what was estimated for the current year, two people aware of the development said.

The Union budget for FY24 had estimated raising ₹51,000 crore from the sale of the government's shares in public sector companies. It is unlikely that any new big-ticket additions will be made to the divestment list for FY25, the people mentioned above said on condition of anonymity.

"For FY25, the divestment targets will likely be lower than the FY24 target as the focus will be to complete stake sale processes initiated during FY24," one of the two people cited above said.

As of 3 January, the government had raised only about ₹10,050 crore through various divestments, making it unlikely to meet the year's target.


The govt is unlikely to meet its FY24 divestment target. MINT

"Since 2014, more than ₹3 trillion worth of disinvestments have been done. The low-hanging fruit has been picked, and now public sector units should be taken to the market when there's a demand for it and there's adequate confidence that whatever is put out for sale gets picked up," the person cited above said.

A spokesperson for the finance ministry didn't respond to emailed queries.

Eight strategic disinvestments are currently in various stages: IDBI Bank Ltd, BEML Ltd, Shipping Corp. of India Ltd, HLL Lifecare Ltd, Projects & Development India Ltd, Indian Medicines Pharmaceutical Corp. Ltd and Ferro Scrap Nigam Ltd. The government is yet to seek expressions of interest for Container Corp. of India Ltd and has no plans to restart the disinvestment process of Bharat Petroleum Corp. Ltd.

Most of the divestments are yet to make progress, and may spill over to the next fiscal year. Other likely candidates for divestment during FY25 are Rashtriya Ispat Nigam Ltd (RINL) and some subsidiaries under AI Assets Holding Ltd.

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However, higher non-tax revenues, including dividends from the Reserve Bank of India (RBI) and state-run banks, are expected to offset revenue shortfall from disinvestments, maintaining the fiscal deficit target of 5.9% of gross domestic product (GDP) for FY24, the second official said.

For FY24, the government has collected ₹43,843 crore as dividends from central public sector enterprises, higher than the budget estimates of ₹43,000 crore. Dividend collections have been more than estimated for the second year running, with nearly ₹59,000 crore received from central public sector enterprises, compared to ₹40,000 crore targeted for FY23.

The first person mentioned above said that the slow pace of disinvestment may not trouble the government as dividend income from central public sector enterprises has been higher than expected on the back of improvement in performance metrics of the public sector units as well as the Centre's change in policy of giving dividend return every quarter instead of one single return towards the end of the financial year.


During FY23, RBI transferred ₹87,416 crore as dividends to the government.

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"The government will probably look at tougher divestments, leading them to make a more realistic assumption of the divestment target," said N.R. Bhanumurthy, vice-chancellor of Dr B.R. Ambedkar School of Economics University, Bengaluru.

"On the fiscal deficit front, the government is likely to overachieve during FY24 on the back of higher-than-expected non-tax revenues and with expenditure staying within the budgeted targets. We expect the trend to continue in FY25," he added.

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Non-tax revenue is estimated at ₹3,01,650 crore in FY24, an increase of 15.2% over the revised estimate of FY23. This includes interest receipts worth ₹24,640 crore, dividends worth ₹91,000 crore, and other non-tax revenue worth ₹1,81,382 crore.

During FY23, RBI transferred ₹87,416 crore as dividends to the government. An additional dividend of about ₹13,800 crore was received from publicly traded state-run banks during the year.

Since 2016, the centre has given "in-principle" approval for strategic disinvestment of 36 cases of public sector enterprises and government-owned companies.