

No separate target for disinvestment receipts

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THE GOVERNMENT HAS DONE away with a separate disinvestment revenue target in the Budget for 2024-25 by adopting a calibrated disinvestment strategy that aims to maximise gains for the exchequer without chasing a goal.

Accordingly, the Centre has set a target of ₹30,000 crore in miscellaneous capital receipts for FY24 revised estimate. These include receipts on account of disinvestment, asset monetisation and other capital receipts not classified elsewhere in the Budget. The target for the same is set at ₹50,000 crore for FY25.

As against the disinvestment target of ₹51,000 crore set in FY24BE, the achievement so far has been ₹12,500 crore. FE had reported earlier that in the current financial year, the disinvestment achievement could be around ₹20,000 crore or 40% of the aim due to delay in the execution of most of the strategic disinvestment plans, including IDBI Bank and Container Corporation of India (ConCor) due to a

POLICY SHIFT

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spate of state elections.

Officials said it was better to set a moderate target and over-achieve than to set a higher target due to uncertainties involved in market-based transactions. The government has not met its ambitious disinvestment targets since FY20 due to a host of factors, including volatility in the market, obstacles created by administrative ministries and electoral compulsions.

Speaking at a post-Budget



press conference, the Department of Investment and Public Asset Management (DIPAM) secretary Tuhin Kanta Pandey said: "If you look at the CPSE performance, whether it comes to capex of ₹3.2 trillion, whether their investment in green energy, whether their performance in return on capital employed whether you look at return on equity on all fronts, we are seeing that they are big market players that continue to improve and

therefore, they continue to reward shareholders, including the government.

Pandey said the government is a majority shareholder, but a large part of other shareholders are minority shareholders. "The shares also give dividends, and we have a consistent dividend policy too."

"So, we have to have a new paradigm in terms of thinking about and not just keep on putting with our wealth in one

stroke, we can always do it in a gradual calibrated way," he added.

The government has enhanced the dividend receipts from CPSEs to ₹50,000 crore for FY24 from ₹43,000 crore estimated earlier in Budget estimate.

For FY25, the disinvestment receipts target has been set at ₹48,000 crore.

Of the transactions that the government could conclude next fiscal is that of the IDBI Bank disinvestment wherein the Centre and LIC would together sell a 60.72% stake in the bank.

On January 7, the Centre received multiple expressions of interest (EoIs) from domestic and foreign investors for the 60.72% stake in IDBI Bank, which will go to the successful bidder along with management control.

The offer comprises 30.48% from the government and 30.24% from LIC, the current promoter.

Another transaction that could materialise at the earliest next fiscal is that of NMDC Steel (NSL) which would fetch at least ₹11,000 crore for the Centre's 50.79% stake.