

# Disinvestment, monetisation target set at ₹50,000 crore

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Finance Minister Nirmala Sitharaman set a target for raising ₹50,000 crore through divestment receipts and monetisation of public assets in the financial year 2024-25.

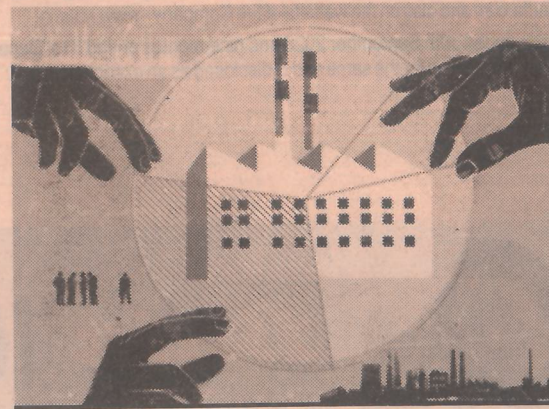
However, the government did not reveal the specific target for divestment for the next fiscal year. The receipts from asset monetisation, along with proceeds from equity stake sales, have been combined under the “miscellaneous capital receipts” head.

“We have not kept a fixed target for divestment... We need to have a new paradigm in terms of thinking and not just keep on parting with that wealth in one stroke. We can always do it in a gradual, calibrated way,” Tuhin Kanta Pandey, sec-

retary, Department of Investment and Public Asset Management (DIPAM), told reporters in a briefing post the Interim Budget.

Budget documents showed that the revised estimate (RE) for such receipts during the current fiscal has been lowered to ₹30,000 crore from the target set a year ago at ₹61,000 crore, including ₹51,000 crore for disinvestment. This is because some of the largest divestments, such as IDBI Bank, Shipping Corporation of India, NMDC Steel, BEML stake sale, planned for the current fiscal year have been delayed.

This is the fourth time in a row that the government has not been able to meet the disinvestment target set at the beginning of the year. The last it met the target was in FY19. In FY20, the actual collections were half the budget estimate (BE) for the

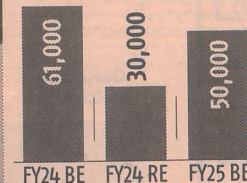


year. During the pandemic years – FY21 and FY22 — the receipts were significantly lower than BE, followed by a similar trend in FY23.

So far this fiscal year, DIPAM has raised ₹12,504 crore as disinvestment receipts. These mostly include small stock market transactions, such as Offer for Sale in the

## STOCK TAKING

Divestment & asset monetisation (in ₹ cr)



► Divestment receipts so far in FY24: ₹12,504 cr

► Dividend receipts so far in FY24: ₹44,060 cr

case of Coal India, Rail Vikas Nigam Ltd, SJVN Ltd, Housing & Urban Development Corporation of India, IREDA and IRCON International Ltd.

As much as ₹44,059.84 crore has been garnered as dividend so far in FY24, DIPAM data showed. The Centre has already exceeded the dividends' initial target from public sector enterprises in FY24 by ₹1,050 crore. The revised estimate stands at ₹50,000 crore, as compared to the BE of ₹43,000 crore. For FY25, the Interim Budget estimated such dividends to be lower than the RE for FY23 at ₹48,000 crore.

The government is to get a dividend/surplus of Reserve Bank of India (RBI), nationalised banks and financial

institutions worth ₹1.04 trillion in the current fiscal, which is more than double the BE of ₹48,000 crore. The FY25 BE is Rs 1.02 trillion.

## THE GOVERNMENT DID NOT REVEAL THE SPECIFIC TARGET FOR DIVESTMENT FOR THE NEXT FINANCIAL YEAR

Ranen Banerjee, partner at PwC India, said the underachievement of disinvestment target in FY24 is understandable as there was no revenue pressure. “Given that the new government will present the full Budget in July and divestments take preparation time, the government has made con-

servative estimates,” he said. “It may not need more proceeds from this next year as well since the final dividend proceeds for FY25 from public sector enterprises are likely to be significantly higher next year because those will be accounted for in FY25.”