Govt Fundraising Drive Hits High Gear

Combined divestment, monetisation income so far at 44% of entire FY26 mop-up

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New Delhi | Mumbai: The government's bid to shore up its non-tax revenue got off to a strong start, with public asset monetisation in two-and-a-half months nearing 30% of last fiscal year's total, and disinvestment income already inching closer to the fiscal-2026 proceeds. Public asset monetisation contributed ₹6,367 crore to the consolidated fund of India till June 15, government data showed, compared with ₹21,732 crore in all of FY26. The government has also garnered ₹13,389 crore by selling small stakes in several companies, or nearly 80% of its ₹16,886 crore disinvestment revenue in the last fiscal year ended March 31.

The government is ramping up efforts to beat its combined FY27 disinvestment and asset monetisation target of ₹80,000 crore, against last fiscal year's actual realisation of ₹45,307 crore, officials said. The combined divestment and monetisation income at ₹19,756 crore so far has already reached almost a quarter of the annual target and 44% of entire FY26 mop-up.

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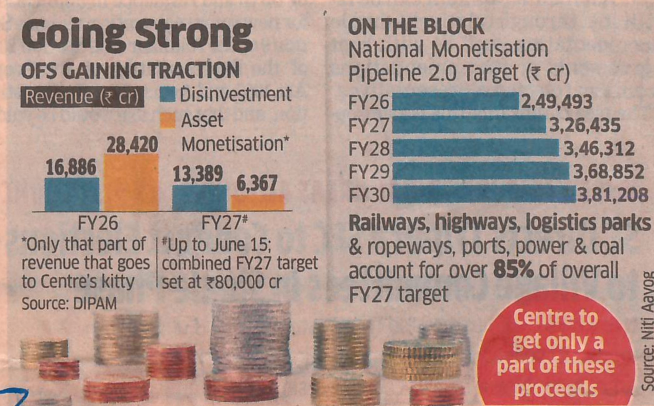

Major Chunk for State-run Entities

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Much of the fundraising often takes place in the second half of a fiscal year.

The overall asset monetisation target for ministries and state-run entities under them is set at ₹3.26 lakh crore for 2026-27. The proceeds are typically allocated to different heads, depending on the agencies implementing the projects and the mode of monetisation. So, only a part of the resource mop-up through asset monetisation flows to the consolidated fund while a major chunk of it goes to relevant state-run entities. The government has stopped announcing separate disinvestment and asset monetisation targets for two years now.

The disinvestment and asset monetisation efforts are being monitored on a weekly basis at the highest level in the finance ministry. "There is increased focus on monetisation…All ministries are actively looking at it," a senior government official told ET.

Strong divestment and asset monetisation drives remain crucial this fiscal year, as the government scours for resources to meet any extra spending requirements or make up for any revenue shortfall in the wake of the West Asia conflict.

Of the ₹3.26 lakh crore broader monetisation target for FY27, ₹68,770 crore is estimated to come from assets in the highways, multi-modal logistic parks and the ropeways segment. The other key contributors would be railways (₹58,451 crore), ports (₹55,729 crore), power (₹54,450 crore) and coal (₹48,170 crore).

OFS FOCUS

The government's disinvestment revenue in the fiscal first quarter alone will likely exceed its total mop-up during FY26 despite the absence of any big-ticket transaction, officials said.

It has conducted a series of offer-for-sale (OFS) transactions, selling small stakes in state-run enterprises like Central Bank of India, Coal India, NHPC and NLC India. The first OFS, of Central Bank, was in late May.

The government is eyeing about ₹3,000 crore more by selling up to 5% of its 82.4% stake in General Insurance Corporation this week.

More such offers are in the pipeline this fiscal year, including that of Life Insurance Corporation, the officials said. It also aims to offload a tiny part of its 27.92% stake in Hindustan Zinc, without trimming it to below 26%. The strategic sale of IDBI Bank is also getting a renewed push.

"By monetising PSU holdings at a time when investor participation and valuations remain relatively strong, the government is reducing execution risk and securing non-tax revenues early in the fiscal cycle," said Prithiviraj Senthil Nathan, Partner, King Stubb & Kasiva, Advocates and Attorneys.

"The pace of it suggests a more pragmatic disinvestment approach focused on minority stake dilution rather than large strategic sales," said Prime Database managing director Pranav Haldea.