

Govt achieves three-fourths of its FY27 disinvestment target, raises ₹55,697 crore in five months

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The government has raised ₹55,697 crore through disinvestment in the first five months of FY27, putting it within striking distance of its ambitious ₹80,000-crore target for the full financial year.

The latest contribution came from the ₹2,982-crore stake sale in Hindustan Copper through an offer for sale (OFS), taking the Centre's total disinvestment proceeds to nearly 70% of the budgeted target. The government now needs to raise around ₹24,303 crore over the remaining seven months of FY27 to meet its target.

The pace of fundraising in FY27, the biggest year for OFS-based disinvestment since at least 2015, marks a sharp acceleration in the government's disinvestment drive. The ₹80,000-crore target for FY27 is nearly 136% higher than the revised estimate of ₹33,800 crore for FY26.

Hindustan Copper OFS draws strong demand

The Hindustan Copper OFS, launched on August 25, initially involved a 3% stake sale, with an additional 3% greenshoe option. Strong institutional demand saw the issue oversubscribed 3.41 times on the first day, prompting the government to exercise the entire greenshoe option and take the total stake sold to 6%. The government raised ₹2,982 crore from the transaction.

The latest OFS also underscores the scale of the government's fundraising through the route this financial year. Other major transactions include the ₹31,515-crore sale of a 6.5% stake in Life Insurance Corporation of India, ₹5,542 crore from a 2% stake sale in Coal India, ₹4,357 crore from a 6.01% stake sale in NHPC and ₹3,090 crore from a 5% stake sale in GIC.

The Centre has also raised ₹2,266 crore through an 8.08% stake sale in Central Bank of India, ₹2,081 crore from a 1.75% stake sale in IRFC, ₹1,711 crore through a 4.58% stake sale in Cochin Shipyard and ₹1,224 crore from a 2.73% stake sale in NLC India. A strategic disinvestment in IMPCL fetched ₹119 crore, while SUUTI remittances contributed another ₹810 crore.

OFS proceeds highest since 2015

The current pace of OFS fundraising is particularly notable when compared with the government's performance in previous years. According to Prime Database, PSU OFS proceeds stood at ₹35,291 crore in 2015, before falling sharply to ₹12,726 crore in 2016 and ₹14,761 crore in 2017. Collections stood at ₹6,432 crore in 2018, ₹6,920 crore in 2019 and ₹10,555 crore in 2020.

Fundraising through PSU OFSs recovered to ₹18,461 crore in 2021, before easing to ₹9,646 crore in 2022. It subsequently improved to ₹10,883 crore in 2023 and ₹12,381 crore in 2024, but slipped to ₹7,686.5 crore in 2025.

The accelerated disinvestment drive comes amid heightened pressure on the government's fiscal position. Elevated global crude oil prices and geopolitical tensions in West Asia have increased pressure on subsidy commitments, particularly for fertilisers and fuel. This has increased the importance of non-tax revenue sources, including stake sales and asset monetisation, as the government seeks to adhere to its fiscal deficit target of 4.3%.

The government's disinvestment strategy could receive another major boost if the proposed strategic sale of IDBI Bank progresses as planned. The transaction could provide a significant additional contribution to the Centre's receipts and potentially allow it to surpass the ₹80,000-crore target.