

Disinvestment target for FY26 may remain same

PRIYANSH VERMA
New Delhi, December 8

THE CENTRE MAY miss the disinvestment and asset monetisation target of ₹50,000 crore for the current financial year, a senior official told *FE*. For the next fiscal, the upcoming Budget may still peg the target for such receipts at around ₹50,000 crore, the source added.

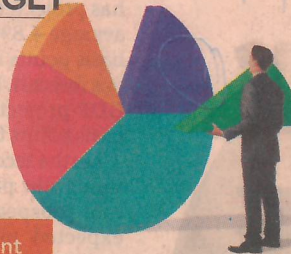
The Centre had set a target of ₹50,000 crore in miscellaneous capital receipts (from disinvestment and asset monetisation) in FY25, doing away with the practice of setting separate annual 'disinvestment' targets.

This marked a less ambitious approach with regard to key source of non-debt capital receipts. No strategic sales (privatisation of CPSEs) have been carried out by the government in recent years, after the sale of Air India to Tata

BEHIND TARGET

■ In the current financial year, the government has garnered only **₹8,625 cr** from divestment

■ The government has collected these funds from the divestment of GIC, Cochin Shipyard and Hindustan Zinc



■ IDBI Bank's strategic sale could potentially fetch around ₹28,000 crore in FY25 if the transaction goes through

■ The Centre opted to do away with the practice of setting separate annual 'disinvestment' targets in the FY25 Budget

■ In the interim Budget, the FM announced that the government was going for a holistic strategy for management of equity of PSUs

group in October 2021.

"Full efforts are on to reach as close as possible to the Budget figure (on disinvestment/asset monetisation). We're going to receive substantial revenue in the remain-

ing months of FY25, but it (overall proceeds) may still be fairly lower than the Budget estimate," the official said

Continued on Page 5

Disinvestment target for FY26 expected to remain same

SO FAR IN the current financial year, the government has garnered only ₹8,625 crore from the divestment in three central public sector enterprises (CPSEs), namely General Insurance Corporation of India (GIC), Cochin Shipyard and HZL, according to official data.

IDBI Bank's strategic sale could potentially fetch around ₹28,000 crore in FY25 if the transaction goes through, as per analysts. The disinvestment of a 60.7% stake in IDBI Bank, includes 30.48% from the Centre and balance from promoter LIC. The official also said that just like in the current year, the



government is not going to mention 'divestments' in the FY26 Budget documents, nor will there be a separate target for it. In July, after the presentation of the full Budget, Department of Investment and Public Asset Management (DIPAM) secre-

tary Tuhin Kanta Pandey had said that the government's focus is now on 'value creation'.

In the interim Budget, the finance minister (FM) announced that the government was going for a holistic strategy for management of

equity of PSUs, which includes value creation, using the performance, capex, dividends, along with calibrated disinvestment strategy, which also includes listing and market dilution. "So that same value maximisation strategy will continue," Pandey had said. A Parliament's standing committee report recently said, "With the discontinuation of disinvestment targets, the committee would like to press upon the importance that strategic disinvestment holds in the country, particularly in reducing the fiscal burden of the government and promoting efficiency."