Divestment, Asset Monetisation Target for FY25 may be Cut 40%

FY26 target likely to be put at ₹45,000-50,000 cr as govt intends to conclude IDBI Bank deal

Banikinkar Pattanayak

*Include mainly disinvestment and asset monetisation proceeds **Source:** Budget documents

New Delhi: The government will likely slash its disinvestment and asset monetisation target for the current fiscal to less than ₹30,000 crore in the revised estimate from the budgeted ₹50,000 crore, people aware of the deliberations said.

For the next fiscal, the target may be set at about ₹45,000-50,000 crore, as the government intends to conclude the IDBI Bank transaction and step up its asset monetisation bid, one of them told ET.

It will also continue to dilute its stakes in some entities via the offer-for-sale route, he added.

BUDGET TRACK

The government has stopped declaring a separate disinvestment target from the current fiscal. Instead, it has announced a combined disinvestment and asset monetisation goal.

It has raked in ₹8,625 crore in disinvestment proceeds so far, this fiscal.

The government, which owns a 45.48% stake in IDBI Bank, is looking to divest 30.48%. State-run Life Insurance Corporation of India, too, plans to sell 30.24% of its 49.24% stake in the lender.

The central bank has already assessed the "fit and proper" candidates from the interested investors and financial bids are expected by the end of this fiscal, said one of the persons cited above.

At Friday's share price on the BSE, the sale of 30.48% stake in IDBI Bank could fetch the government ₹27,544 crore.

The centre has, in recent years, cut back on its aggressive sell-off strategy and raised focus on creating value and bolstering profitability at central public sector enterprises (CPSEs) so they can pay regular dividends to shareholders, including the government.

"Money is fungible. Whether it comes from disinvestment or dividend, it will have the same effect on the budget," a senior official had told ET earlier. Dividend receipts have surpassed the revised estimates for a third straight year through 2023-24.

Last month, the government said it was following a "calibrated disinvestment strategy" through the listing of CPSEs as well as gradual dilution of minority stakes through the stock market, "aligned with the interest of minority shareholders."

The review of the earlier strategy was spurred by the delay in privatisation bids as the strategic sale process remains time-consuming, and many factors — including market conditions and litigations by stakeholders — are beyond the government's control, officials said.