

Govt seems on track to meet FY23 monetisation target

Mining sector doing the heavy lifting as railways lags behind

PRASANTA SAHU
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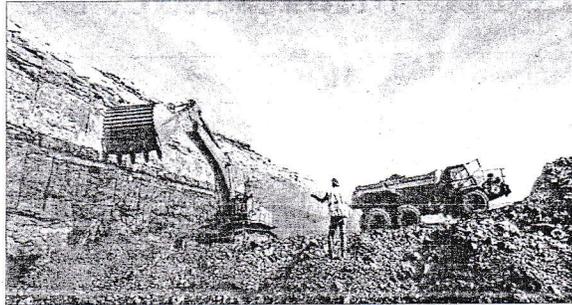
DESPITE A LIKELY slippage in key sectors like railways and telecom, the Centre is likely to achieve the asset monetisation target of ₹1.62 trillion for the current financial year, as the mining sector, which is witnessing a flurry of new private-sector projects, is expected to do the heavy lifting, an official source said. The monetisation value from the mining sector consisting of coal and other minerals is expected to be more than ₹60,000 crore in FY23, as against a target of just ₹6,060 crore, the source said.

However, only a little over a third of the railways monetisation target of ₹57,222 crore is likely to be met, he added. The recent Cabinet decisions to extend the lease tenure for railway land development projects and slash cut the licensing fee may spur asset monetisation in the medium, but the impact will be minimal in the current year.

Even in FY22, mining contributed ₹58,000 crore or 60% of the monetisation value achieved of ₹97,000 crore.

The higher mop-up from the mining sector this year will come from annual accruals and private investments from mineral and coal blocks auctioned in FY22 and those being auctioned in FY23.

"The situation is a bit fluid, but the National Asset Monetisation Pipeline target for FY23 will be achieved. There is a bit of struggle as far as the railways is concerned as it has hardly done any work in this regard," the source said. New assets



NATIONAL MONETISATION PIPELINE 2022-23

	Target (₹ crore)	Likely achievement
Coal and other mining sectors	6,060	~60,000
Highways	32,855	To be met
Telecom	20,180	Big shortfall
Railways	57,222	Over 60% shortfall
Power Transmission and generation	15,308	15,000-16,000
Natural gas, petroleum products pipelines	9,176	Shortfall seen
Warehousing ts	8,670	Marginal shortfall seen
Airports	7,299	To be met
Ports	3,553	To be met
Sports Stadia	2,100	Marginal shortfall

are also being identified to monetise to cover some of the shortfalls seen in telecom sector. With only some telecom towers likely to be monetised by BSNL-MTNL, the sector's target of ₹20,180 crore for FY23 will also be missed as broadband monetisation plan has not taken off.

A tussle is going on between the railways and the finance ministry over the former's ₹4,700 crore proposal to redevelop New Delhi Railway Station, which is the largest

such project of the national transporter, through budget funding. An earlier plan was to implement this project through public-private partnership (PPP) model. The big plans of allowing private trains and station redevelopment across the country have also not been aggressively pursued by railways, sources said. The prime minister's office will likely review the progress on asset monetization shortly with a view to speeding up the process, which is key to investment-led economic

growth revival. NMP is also aimed at pulling in private capital which otherwise has not seen a revival, as much as it targets to increase the government's fiscal heft.

The aggregate asset pipeline under NMP over the four years, FY22-FY25, is indicatively valued at ₹6 trillion or about 14% of the central share of the National Infrastructure Pipeline (NIP) of ₹43 trillion (out of total ₹111 trillion in five years through FY25). This indicative figure refers to the value expected to be realised by the asset owners through the monetisation process, either in form of accruals or by way of private sector investments.

The government transfers revenue rights to private parties for a specified long period and gets upfront payments as revenue share. The monetisation also includes innovative Public-Private Partnership (PPP) models like the Toll Operate Transfer projects in the highway sector, and Operations, Maintenance & Development (OMD) model for airports.

The monetisation of road assets, the second biggest component of this year's NMP is on track to achieve about ₹33,000 crore while the power sector is also seen meeting the target of ₹15,000-16,000 crore, which includes Power Grid's Infrastructure Investment Trust (PGInvIT) to monetise new assets worth ₹7,500-8,000 crore. Some assets of NTPC and NHPC will also be monetized, sources said. In the roads sector, around ₹33,000 crore including up to ₹10,000 crore is expected by the NHAI through InvITs. NHAI expected to garner the rest from the securitisation of toll receivables from expressways and ToT models. The monetisation of natural gas and petroleum product pipelines was projected to fetch ₹9,176 crore in FY23.