

Budget likely to retain ₹50K cr monetisation, asset sale goal

RUNUP TO THE



BUDGET 2024-25

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The Centre in the upcoming Budget may stick to its capital-receipts target of ₹50,000 crore in 2024-25 (FY25) on account of disinvestment, asset monetisation, and other capital receipts, continuing its new calibrated approach to asset-sale strategy, according to official sources.

Further, the focus will remain on the strategic sale of IDBI Bank. However, the transaction could spill over to FY26, given the process involved, sources said.

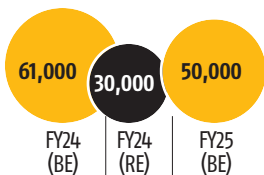
In the Interim Budget in February, the Centre had reworked its strategy on capital management. For the first time, it did not explicitly mention the disinvestment target for FY25. It had set a target of ₹50,000 crore under miscellaneous capital receipts.

Unlike previous classifications of loans and advances, disinvestment, and asset monetisation, non-debt capital receipts comprise loans and advances. Budget documents show the Revised Estimate (RE) for such receipts during FY24 has been lowered to ₹30,000 crore from the target of ₹61,000 crore set in February 2023. That included ₹51,000 crore for disinvestment.

This was followed by delay in some major asset-sale plans such as those relating to IDBI Bank, Shipping Corporation of India, NMDC Steel, and BEML. Since 2010, barring FY18 and FY19, the Centre's divestment receipts have fallen short of the projection, with the targets growing more ambitious every year.

For this financial year, the Department of Investment and Public Asset Management (Dipam) expects to conclude some transactions including the one of IDBI Bank. On the bank, the Dipam is awaiting the go-ahead from the Reserve Bank of India. The central bank is examining the "fit and proper criteria" of the potential bidders.

CAPITAL RECEIPTS (₹ cr)



BE: Budget Estimates
RE: Revised Estimates

■ Miscellaneous capital receipts exceeds FY24 RE of ₹ 30,000 cr

■ 16,507 crore was disinvestment proceeds in FY24, while it was ₹16,000 cr for asset monetisation

■ Interim Budget for FY25 clubs realisation from disinvestment and asset monetisation

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FinMin may maintain disinvestment target

The Centre and LIC would together sell a 60.72 per cent stake in the bank. “We have not kept a fixed target for divestment ... We need to have a new paradigm in terms of thinking and not just keep on parting with that wealth in one stroke. We can always do it in a gradual, calibrated way,” Tuhin Kanta Pandey, secretary, DIPAM, had told reporters in a briefing after the Interim Budget. In the July Budget, the government might enhance the estimates of dividends from central public sector enterprises. In the Interim Budget, it had pegged dividends from non-financial CPSEs at ₹48,000 crore. So far this financial year, CPSEs have paid ₹4,917.58 crore as dividend.
