Daily news summary

Disinvestment and Asset Monetisation Targets

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WHY IN NEWS

- The Central government achieved 78% of its ₹80,000-crore disinvestment and asset monetisation target for FY27 in the first five months.

WHAT IS THE DISINVESTMENT FRAMEWORK?

- Disinvestment involves the sale of government equity stake in Central Public Sector Enterprises (CPSEs) to raise non-debt capital receipts.
- Managed by the Department of Investment and Public Asset Management (DIPAM) under the Ministry of Finance.

KEY STATUS AND COLLECTIONS

- Total capital receipts under this head reached ₹62,124 crore against the annual target of ₹80,000 crore.
- Primary contribution came from minority stake sales, including ₹31,515 crore raised through an LIC stake sale, alongside ongoing strategic disinvestment processes for IDBI Bank.

WHY IT MATTERS

- Helps bridge the fiscal deficit without increasing market borrowings.
- Reduces government operational footprint in non-strategic commercial sectors while generating resources for capital expenditure.

KEY TERMS

- **Strategic Disinvestment:** Sale of a substantial portion of government shareholding in a CPSE along with transfer of management control.
- **DIPAM:** Nodal department under the Ministry of Finance overseeing public asset management and capital restructuring.

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PRELIMS FACTS

- Disinvestment proceeds are categorized as non-debt capital receipts under the Union Budget.

MAINS DISCUSSION

- Role of disinvestment in fiscal consolidation and funding long-term physical infrastructure.

KEY DATA

- **Nodal Department:** DIPAM - DIPAM executes all minority and strategic disinvestment transactions of CPSEs.
- **Receipt Category:** Non-debt Capital Receipt - UPSC tests classification of government budget receipts into revenue versus capital and debt versus non-debt.

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