

Centre's revenue focus has shifted from selling PSUs to earning more from them, data shows

By removing a separate 'disinvestment' heading in Budget documents and doubling down on asset monetisation, govt policy has shifted from simply exiting doing business

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In 2022-23, the Central Government sold a portion of its stake in several PSEs such as Oil and Natural Gas Corporation, Life Insurance Corporation, GAIL India, and Indian Railway Catering and Tourism Corporation. File |

Photo Credit: Reuters

Despite having launched a revamped 'disinvestment policy' in 2020, the central government's focus has decisively shifted from selling off its assets to extracting the maximum value from them, an analysis of data shows. The recent launch of the National Monetisation Pipeline 2.0 marks an extension of this policy shift.

The Centre had in 2021 launched the Public Sector Enterprises Policy, under which it said it would exit all non-strategic sectors, and would retain a minimum presence in strategic ones. An analysis by *The Hindu* of data with the Department of Investment and Public Asset Management, however, shows that, except for a brief surge in 2022-23, revenue from disinvestment has been falling every year.

On the other hand, revenue from dividends from public sector companies has grown consistently every year. In addition, several other policy decisions — such as removing a separate heading for disinvestments in the Budget documents, and pushing forward with the National Asset Monetisation Pipeline — show the focus has shifted to better utilisation of existing assets.

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Initial enthusiasm for privatisation

Back in 2021, Prime Minister Narendra Modi had categorically asserted that the government has “no business to be in business”.

“When a government engages in business, it leads to losses,” Mr. Modi said during a 2021 webinar organised by DIPAM. “The government is bound by rules and the lack of courage to take bold commercial decisions. It is the government’s duty to support enterprises and businesses. But it is not essential that it should own and run enterprises.”

More recently, in August 2025, Minister of State for Finance Pankaj Chaudhary informed the Lok Sabha that the policy on strategic disinvestment or privatisation is based on the economic principle that the Government “should minimise presence in sectors” where the private sector has come of age and where the economic potential of the public sector companies may be better realised in the hands of a strategic investor.

In 2022-23, the Central Government sold a portion of its stake in several PSEs such as Oil and Natural Gas Corporation, Life Insurance Corporation, GAIL India, and Indian Railway Catering and Tourism Corporation. This saw earnings from disinvestment recover to Rs 35,294 crore in 2022-23, snapping a four-year declining streak.

Not enough takers

Thereafter, the government found it increasingly difficult to raise revenues through disinvestments. According to officials that had been in the Ministry of Finance at the time, the issue was that the private sector was not keen to buy public sector companies due to their large employee headcounts and loss-making assets.

In fact, in the revised estimates for 2023-24, the Centre removed the separate header for disinvestments in the budget documents, instead clubbing them with several other capital receipts under the heading 'Miscellaneous Capital Receipts'. With that, the government no longer sets targets for disinvestment proceeds in any given year.

The revenue earned from disinvestments, as per the data compiled by the nodal department DIPAM, fell to Rs 16,507.3 crore in 2023-24 and further to Rs 10,163.02 crore in 2024-25. The government has so far earned Rs 15,562.8 crore through disinvestments in 2025-26, with a month more to go in the financial year.

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Pushing for more dividends

On the other hand, the Centre has pushed ahead with its policy of maximising the dividends it can receive from its companies. In November 2020, DIPAM issued an advisory to the CEOs and Managing Directors of all central PSEs regarding a "consistent dividend policy".

"CPSEs are advised to strive to pay higher dividends taking into account relevant factors like profitability, capex requirements with due leveraging cash/reserves and net worth," it said.

This was reinforced through a November 2024 release of Revised Guidelines on Capital Restructuring of Central Public Sector Enterprises, in which DIPAM said "the Government

seeks to emphasise on creating value in the CPSEs in order to maximise returns for the Government and other shareholders.”

The government's dividend receipts, not counting what is received from public sector banks and the Reserve Bank of India, rose from Rs 39,750 crore in 2020-21 to Rs 74,128.6 crore by 2024-25. This amount stands at Rs 59,730.6 crore in 2025-26 so far.

Roping in the private sector

In 2021, the government also launched the National Monetisation Pipeline (NMP) under which the government would lease our various brownfield assets to the private sector, without ownership changing hands, with a target of earning Rs 6 lakh crore from 2021-22 to 2024-25. According to the government, it has achieved 90% of this goal.

Finance Minister Nirmala Sitharaman on February 23 launched NMP 2.0 with the aim of earning about Rs 16.72 lakh crore over the five-year period 2025-26 to 2029-30 through this route.

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